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## EUROPEAN SECURITY CONFERENCE FOCUSES ON SOVIET SUPERIORITY

## 'LE FIGARO' Sponsorship

Paris LE FIGARO in French 16 Nov 79 pp 1, 5

[Excerpt] An event in politics: LE FIGARO tomorrow is sponsoring an international conference on Europe's security, bringing together the most qualified experts--a Europe that Soviet strategy involves directly. What is the future for Europe's nations within the range of the Russian super-power, confronted with economic uncertainties, and subjected to the energy crisis? This is the topic that 200 well-known foreign and French officials invited by LE FIGARO are going to discuss in Gen Alexander Haig's presence.

## Details of Conference

Paris LE FIGARO in French 19 Nov 79 p 2

[Excerpts] "The Soviet Union is producing arms like an apple tree produces apples," asserts Yves Laulan; the decade that we have just lived through was one of "collective blindness." And in the years to come, we could very well pay for our nonchalance.

Alain Besancon points out the suicidal inconsistency that compels Westerners to grant financial advantages (in the form of bank loans) to the Soviet regime at the time when the Russians are putting all their production capabilities and know-how at the disposal of the Army. Westerners, Besancon points out, must then bear two military budgets, theirs and--by way of the loans granted Moscow--the Soviet Union's. The old and fatal mistake of thinking that by fattening the wolf, we can keep him in his lair....

Same side of the question from Thierry de Montbrial: Affected in its turn by energy problems, the Soviet Union should, in the 1980's, be an importer of oil. Consequently, the Russian leaders are probably going to try to expand its influence over the Persian Gulf--foreboding tensions.

As for General Gallois, he sees a twofold disequilibrium between the Western democracies and the Marxist-Leninist nations, which, from a strategy

point of view, represents a double inferiority. In a democratic system, governments are required to take the reactions of public opinion into account; contrary to what happens in one-party regimes, their freedom of action in military matters is limited by nature. They are virtually unable to assume the offensive.

The second disequilibrium--the other inferiority--is of a technological order. The quality of the Soviet weapons, their precision and quantity permanently doom our system of defense, which is still based on the deployment of ballistic missiles and rockets in silos apparently well-protected, but in reality terribly vulnerable.

Constantly more money for weapons: We are up to 3 percent of the [gross] national product; to cope with the development of the Red Army, at least 5 percent would be required. For what represents a sacrifice for free countries constitutes the norm, the characteristic language, of the regime in the Soviet system.

#### Yves Laulan: Price of Blindness

The Soviet Union is producing weapons like an apple tree produces apples. The Soviet system is administered so that in good years and bad, whatever the vicissitudes, the events, or the progress of Soviet diplomacy, there is an increase in the military sector. Five or 10 years ago, we knew it already. We saw the almost inexorable rise from 4 to 5 percent a year, in real terms, of the defense effort.

And, he adds, "I believe that there was a blindness phenomenon in what I will call 'the decade of blindness.' At NATO, I maintained very clearly that the Soviet war effort was representing at least 12 percent of the Soviet national product. At the time, the experts maintained that this war effort was 6 percent. My argument was quite simple: insofar as the Soviet Union could be considered to be spending in real terms as much as the United States, and insofar as the American GNP could be considered to be twice the Soviet GNP, and since the Americans were spending 6 to 7 percent, a simple rule of three showed that the Soviets were spending percentage-wise twice as much. This fact was not recognized, which helped to create today's situation."

#### General Gallois: Double Inferiority

In Europe we are wondering, as in the United States, what the reason for this excessive Soviet arms buildup is. I am disturbed to see that, for the last several years, Soviet Russia has been providing itself with so many powerful and sophisticated weapons. Conflicts in the past began with an onslaught of tanks across the northern plain of Europe towards the Atlantic. I want to remind you that this plan is 40 years old, but unfortunately it is the one that is still in everyone's mind. Although the military usually prepare for the wars of the past, I emphasize that right

now we are doing it with all our might. Since 1945 a certain number of technical developments have occurred in the world, primarily at the initiative of the United States, which means that the weapons situation no longer bears any resemblance to 1940. The difference between 1940 and 1980 is much greater than that between 1919 and 1939. In 1939 we really thought, in the French general staff, that we should go back to 1919; and we have seen what that cost us. In 1980 we are trying to return completely to 1945 and we risk seeing what that will cost us.

I know that statesmen, heads of government, and the military never stop comparing the Yom Kippur war with future wars in Europe. This is a mistake. For the Red Army has never itself been involved in any of these conflicts....

The initiative for a conflict in Europe cannot be the doing of a Western democracy. The initiative is not ours. The East has all the initiatives. An important factor: whoever holds the initiative can hold, if he wants to, the element of surprise. By the time the United States deploys its new weapons, 100 percent of America's retaliation potential will have the potential of permanent mobility: the only solution to avoid the consequences of a surprise attack.

How does it happen that, in Europe, 100 percent of the conventional forces (those the United States has been urging us to establish for the last 30 years) are stationary forces whose location points are fully known? This is the result of this situation and the archaic military system that has been imposed on us since 1949.

Because of the imbalance in the situation in which the East and West find themselves, the arms are not the same and we must permanently protect our retaliatory forces from any surprise attack, so as to deter the adversary from demonstrating his strength against us. A whole new strategy is involved. When one belongs to a democratic clan, one must possess retaliatory weapons and continuously secure them against the threat of destruction. That is a system that has no resemblance to the one in position."

#### General Wust: The Illusions of Detente

Communist hegemonism tries to establish a world socialist society: this is the basis of Soviet policy. Such a policy, both militant and offensive, must be carried out by a strategy of political pressure in all its forms, and a limitation on the adversary's capacity for defense and action. All the East's political activity seeks the implementation of this policy. The weapon effort is the resource put at the disposal of this policy.

Geostategic balance is virtually no longer existent at the world level. In the last 10 years, the imbalance has become more pronounced in favor of the East. The fact that the economic, political, and military zones of influence have changed under the influence of the Eastern countries

has unbalanced Europe's system of security. Energy and raw materials are no longer freely available, so that the very roots of our ability to exist as industrialized states have been stricken.

The Soviet Bloc's armament efforts have resulted in putting it in a position to achieve a balance of forces, then change the balance in its favor; the fact that it has medium range nuclear missiles has put it in a position of strength and changed the balance in its favor. The East has strengthened itself, while the after-effect of this has been a reduction in the West's forces in the last 10 years. Detente has given so much hope; it has led a certain number of countries in Western Europe to reduce their defense effort and in particular to reduce the period of military service and military budgets, which has reduced Europe's defense capability.

The 1970's were fatal in NATO's weakening process. It cannot be ready to implement the responsibilities it has incurred and the defense of advance positions. I speak as a German--who ought to allow the surrender of the least amount of territory possible. I doubt that this strategy can be implemented now because in the FRG, NATO has 1,000 kms of common border with the forces of the Warsaw Pact.

"Of course the alliance can exist founded on confidence. Europeans need to have confidence in the Americans, but confidence is a bilateral affair and we need to ask whether we give Americans enough reasons to have confidence in Europeans. It is unlikely that the Soviet leaders are, at the moment, tempted to wage war. That does not mean that in the future, when they will have forgotten war's horrors and realized Europe's weaknesses, they will not be tempted. The Soviet threat will continue to be important, for it is founded on ideology.

"If confidence resurfaces among Western countries, including France, it will be possible to achieve progress in disarmament, sign agreements of detente without implicating Europe's security. Such negotiations will be all the more successful since people will begin from a position of strength. The threat to which Brezhnev joined his offer of detente, last month, was translated into a result of major solidarity among the countries of the West the Soviet leader had not anticipated. Let us imagine that he had not hurled the threat then; the modernization of medium-range missiles, on the part of the West, would undoubtedly not have been implemented so quickly. Europe clearly is capable of better ensuring its peace."

#### Thierry de Montbrial: Peace Through a Balance

"There is as a backdrop an economic factor: the fact that oil will naturally become more and more scarce and more and more expensive. We have to know how to make the necessary investments in time--there is an extremely interesting analogy here to the defense problem. Even having made the necessary investments, we would have encountered, in any case, considerable

difficulties in the next 15 years. But these problems are aggravated by two additional factors: first the Soviet Union and secondly the Eastern countries. The Soviet Union will very likely become an importer of oil in the 1980's. An event of considerable importance if it occurs. Because can the Soviet Union, whose economic weaknesses are obvious, let herself add to all her instabilities those that are derived from energy? It seems obvious to me in such circumstances that one of the Soviet Union's major objectives would therefore at a minimum be to prevent the West from controlling the Persian Gulf and, at the maximum, to exercise a major influence there apart from the Israeli-Arab conflict.

In the early 1980's, Soviet planners may be tempted to politically expand a strategic superiority that they will realize perfectly is temporary and, if it is true, at the end of the 1980's everything will restabilize itself in the West's favor. If it is true that the Soviet Union's domestic difficulties are expected to increase, we see that there is a great temptation to accelerate the imbalance and to do so in conjunction with the energy problem. So maintaining peace requires first safeguarding the balance of power. Economic balance; strategic balance."

#### Alain Besancon: The Duty To Inform

What should we do? This is one of the questions asked by the audience at the end of this great debate chaired by Alexander Haig. An avalanche of anxious opinions, a cascade of doubts and fears. What is this leading to? The answer came from Alain Besancon, USSR historian and author of 'Sovietology Treatise.' As simple a response as possible: "The first thing is to inform public opinion, to educate the public's perception by presenting it with the facts and the observations of experts whose job it is to gather them. We have to reconcile the speeches on detente with strategic realities. The Western mentality lives in a sort of disassociation for which it is not responsible. Because we have a minimum of logic, peaceful coexistence means in our eyes that the threats disappear, that 'irrational uneasiness' about war becomes blurred."

Only, in the opposite camp reigns the opposite notion: detente is only the continuation of the cold war by other methods. The most important thing therefore is to warn people, supported with tangible proof. This is the intention that LE FIGARO had in mind in sponsoring this international conference on European security.

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## NEUTRON BOMB AGAIN MATTER FOR DEBATE

Paris LE POINT in French 14 Jan 80 p 43

[Article by Dominique de Montvalon: "The Neutron Bomb Is Back"]

[Text] The "neutron bomb affair" has reappeared. Defense Minister Yvon Bourges, receiving journalists for the traditional annual exchange of views, surprised his whole audience: "If we were to decide today," he said, "in less than 5 years France could have available its first operational neutron bombs."

Certainly, the minister immediately added that such a decision had not been taken. He even implied that this would not necessarily be the wisest choice at present. Nevertheless, laboratory research is being conducted, and there is no question of interrupting it, said the minister, suddenly talkative about a subject which was until now "very hush-hush."

Has this some purpose of "going to war," triggered by the Afghanistan affair? Surely not. Moreover, that would scarcely be within the rather peaceful temperament of Yvon Bourges, who simultaneously made a very severe judgment against the "irresponsibles" (including RPR [Rally for the Republic]) who dream of sweeping away, at a moment's notice, 15 years of detente, which would be ruined by such an interpretation.

Rather, the minister's confidences convey a double change, psychological and strategic, in French defense policy.

Taking the psychological first; USSR and its allies, through an intimidation campaign conducted in the name of detente from the summer of 1977 to the spring of 1978, succeeded in obtaining, first from Carter, and then from the West (including France), the abandonment of neutron bomb projects (this bomb is allegedly "clean" because its radiation would kill combatants, but spare materiel). An effective campaign, since the West had appeared to acquiesce in the belief that there were decent Soviet SS20's and immoral "N bombs"! However, the Afghanistan business has obviously changed things. Whether or not France builds the N bomb, in any case it will decide without a complex.

Yvon Bourges' statements also illustrate a certain change of direction in French strategic thought. Until now ground atomic weapons, Plutons, had only one function, which was sounding the alarm. If, in spite of the advertisement, the potential enemy pursues its course, right away the strategic deterrent (submarines with nuclear warhead missiles) would come into play! Doubtless the defense minister still excludes, in theory, France's having a very diversified nuclear artillery. On the other hand, in practice he judges to be henceforth indispensable a significant strengthening of the intermediate level between a simple alarm signal and the total fire of strategic deterrent. In plain language, France, starting in the coming months, will strengthen its nuclear tactical armament; the final choices will be made before summer.

Already it appears that the idea of a new defense budget increase after 1982 (end of the present military programmation law) is accepted. This budget, which is presently 3.7 percent of PIBM (Gross Internal Commercial Product), should rapidly climb to about 4.4 percent of this same PIBM. The Afghanistan affair has hastened a change which delights the military leadership.

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## SOVIETS INCREASE PRESSURE ON NORTHERN FLANK

Bonn DIE WELT in German 5/6 Jan 80 p 7

[Article by Axel Schuetzsack: "Soviet Power on North Cape Growing"]

[Text] Keeping the lines open for supplies and reinforcements between the United States and its European NATO allies will be of paramount importance for the successful defense of Western Europe in case of a crisis or actual conflict. Extensive Soviet naval maneuvers in the North Atlantic, such as the exercise "Okeano 1975," leave no doubt that it will be one of the primary operational military goals of Soviet naval forces in case of war to cut the lines of communication across the North Atlantic.

By extending the permanent presence of Soviet naval units up to the line reaching from Iceland to the Shetlands to the Faroe Islands, and by exerting continuing pressure on the northern NATO allies, Soviet forward strategy has made significant gains in recent years. The Scandinavian power scheme, aiming at regional military balance in northern Europe, has been seriously shaken as a result of the Soviet Union's building up the Kola peninsula into its biggest naval and strategic nuclear missile base.

The nature of the East-West struggle for power and influence in the extreme north of our continent is not only political and military, but also economic. In view of the worldwide energy crisis, the oil and mineral deposits in the Arctic Ocean region--both north of the 62d parallel and on the island of Spitzbergen--are assuming an ever greater importance.

Considering the West's security and economic interests on the northern flank of NATO, the question being raised within the alliance more and more often is whether Norway's northern policies have been sufficiently responsive to Western overall interests, or whether they might not have unwittingly opened the door for a Soviet advance in Northern Europe by failing to concert their actions and by inordinately accentuating their own economic interests.

In words of one syllable, Norwegian northern policy has represented an attempt to go it alone in achieving an expansion of territorial waters. Without support from the West--for that matter, in partial opposition to Western interests--the major objective of this policy has so far been to serve Norway's own economic interests in the area of conducting bilateral negotiations and discussions with its all-powerful Soviet neighbor. This applies to the Oslo government's Spitzbergen policy as well as to its fisheries policy in the Barents Sea.

#### FRG Among Treaty Signatories

The present international legal status of the Spitzbergen group of islands was determined by the Spitzbergen Treaty, concluded in Paris on 9 February 1920. The former German Reich was one of the 42 signatories of the treaty document--which makes the FRG party to the treaty. The treaty area is not restricted to the islands of the Spitzbergen group, but also includes the waters surrounding them. The Paris treaty signatories drew a square around the Spitzbergen group of islands and included it in the treaty area.

Sovereignty over the islands was assigned to Norway, but with certain provisos. One of these calls on Norway to see to it that all 42 signatory states shall enjoy equal rights in the economic exploitation of the area. In other words, this precludes a Norwegian economic monopoly. The treaty also stipulates that the Spitzbergen quadrangle may not be fortified, nor used for military actions.

The first time there were disagreements about the interpretation of the treaty was after the Geneva continental shelf convention was signed in 1958, which established the continental shelf limits of the individual states by international agreement. It was at this point that Norway said that Spitzbergen had no shelf of its own, since it was part of the Norwegian continental shelf. The Spitzbergen Treaty, the Norwegians maintained, applied only to the islands themselves and to the 4-mile zone of territorial waters.

Oslo was making these claims so as to be able to enjoy exclusive economic rights to a part of the ocean and the continental shelf which lay within the Spitzbergen Treaty territory. Western experts in international law, on the other hand, were of the opinions that Norway's claim violated the monopoly provisions of the treaty. For this reason, both the Western powers and the Soviet Union raised objections to the Norwegian claim on legal grounds.

By interpreting the Spitzbergen Treaty in so narrow a manner, the Norwegians, whose northern policy has been looking out for the protection of Soviet security interests, have to all intents and purposes shut the Western powers out of the area. A Norwegian critic of this policy has therefore called attention to the danger that Norway, by being considerate of legitimate Soviet security interests, may turn into an actual protector of these interests at Western expense.

The fact that this consideration vis-a-vis the all-powerful neighbor has by no means been reciprocated is evidenced by the decades of trouble with the Russians on Spitzbergen. Toward the end of World War II, the Soviets were already trying to build up their position on Spitzbergen in a systematic way. During a round of negotiations in Moscow in 1944, Vyacheslav Molotov even surprised the then foreign minister of Norway, Trygve Lie, with the demand that the Spitzbergen Treaty be terminated and superseded by a Soviet-Norwegian condominium.

Norway refused, but had to put up with a never-ending series of encroachments on the part of her powerful neighbor in order to avoid conflict. Contrary to the conditions of the Spitzbergen Treaty, the Soviets established their own Aeroflot control point at the Norwegian airport of Longyearbyen as well as a postal service of their own. They also violated the treaty by constructing a helicopter landing strip complete with radar installations on Cape Heer in the vicinity of Barentsburg. Norwegian air safety regulations are continuously being disregarded by the Russians. Soviet pre-eminence on Spitzbergen most clearly emerges in the relative population figures. By now there are 2,000 Russians on the islands, twice as many as Norwegians.

And if they were quietly hoping that by keeping the West out of any Spitzbergen agreement the Soviets would counter by showing consideration or making concessions in the negotiations on delimiting the Soviet-Norwegian continental shelf in the Barents Sea, they were disappointed in this regard as well.

The Norwegian goal in these negotiations was an extension of their territorial waters. In view of the Soviet missile base nearby, they should have accepted the demarcation line favored by the Russians, but not recognized internationally. Instead, the Norwegians pressed for dividing the continental shelf into two equal halves and drawing the line there. But the Russians turned a cold shoulder on this proposal, too.

#### Soviets Flexing Their Muscles

The negotiations between Oslo and Moscow at length led to an interim fisheries agreement for the Barents Sea unfavorable to Norway. Thanks to this so-called gray zone interim agreement, the Soviets were able to extend their influence further west, beyond the demarcation line, into purely Norwegian waters.

The fact that Norwegian fishermen are subjected to increasing harassment in the Barents Sea shows that the Soviets are determined to demonstrate their power in their newly acquired sphere of influence. Illegal Russian controls and overfishing are the order of the day in the area.

Norwegian northern policy suffered still another setback with respect to a proposed protective zone for fishing in the Spitzbergen area. Instead of working for an agreement to protect the fish population on the basis of the

Spitzbergen Treaty, Oslo unilaterally established a so-called "nondiscriminatory protective fishing zone." The Western powers let the Norwegian action stand, albeit prejudicing their rights; but the Soviets refused to approve it.

Oslo gave further evidence of not being prepared to take alliance views into consideration in formulating its northern policy when it attempted to establish a 200-mile limit on fishing around Jan Mayen Island to compensate the harassed Barents Sea fishermen. The protest lodged by NATO member Iceland was not long in coming.

In a word, Norway's attempt at expanding its territorial waters eastward came to naught when it interfered with Soviet expansionist designs in the strategic military field. The Soviet Union is determined to maintain its control over the ice-free access from Kola into the North Atlantic so as to be able to disrupt, if not to cut, the supply lines between the United States and Western Europe in case of conflict.

Furthermore, in case of a major conflict, the Soviet Union wants to be able to control Spitzbergen and the province of Finmark in northern Norway, which would materially improve its southward deployment capability. In view of these Soviet plans, the Norwegians' single-handed attempt at wresting advantages from a world power in the immediate neighborhood of its most important strategic military base, the Kola peninsula, was doomed to failure; in fact, it was bound to produce the opposite effect.

#### West Must Show the Flag

In view of the failure of Norway's northern policy and increasing Soviet pressure on NATO's northern flank, the question of how and by what means the gradual advance of the Russians is to be stopped without the risk of undesirable military escalation is assuming growing urgency for the West. At all events, the policy so far of "calculated weakness" and the "gray-zone teeter-totter" of balancing NATO security needs assign showing consideration for the Soviet Union has not paid off.

Any new Western overall strategy would have to start with the premise that the legitimate security needs and economic interests of both sides should be taken into consideration in equal measure.

Aside from the fact that it cannot be effected, any policy change with regard to bases in Norway would be quite undesirable. The establishment of foreign military bases, much less missile-launching sites, on Norwegian soil would lead to a dangerous military escalation on the northern flank of the alliance.

On the other hand, the West will have to make it clearer to the Soviet Union than heretofore that NATO would intervene even in case a defensive, localized action--viewed in global terms--were mounted against Norway's northernmost province, Finnmark, or Spitzbergen. The Russians would have to be put on notice that Finnmark, as a part of NATO's territory as much as West Berlin, comes under the protection of the alliance and will at all events be defended in case of attack.

Considering the threatening developments of the past few years, any new Western overall strategy for Northern Europe would have to fulfill the basic needs of sound defense policy. Above all, it would have to include a strict rejection of any Soviet attempt to interfere in NATO decisions in the North. At the same time, however, ways would have to be found which might lead to a relaxation of the tense situation along NATO's northern flank.

Alliance political and military experts on Scandinavia believe that the Spitzbergen Treaty--or a reaffirmation of its provisions--might serve as the basis for a solution. The fact that the treaty calls for demilitarization and for equal rights on the part of all signatories in the economic development of the Spitzbergen area might lead to friendly competition among the treaty powers.

This would require, however, that the Western powers, led by the United States and the major industrial nations of Western Europe, show their "Spitzbergen flag" more than heretofore. For that matter, economic development of the Spitzbergen area would by and large be restricted to the efforts of the major industrial nations in any event, since only they have the required technology at their disposal--for deep-sea oil drilling, for example. Another prerequisite would be Soviet agreement to genuine economic cooperation in the area under Norwegian supervision.

According to Western political and military experts on Scandinavia, the acid test for Soviet readiness to engage in peaceful cooperation could be made by offering them a 20-year truce for Spitzbergen, based on the Spitzbergen Treaty without prejudice to existing differences in legal interpretation. According to Western experts on international law, such an offer would also have to contain the following compromise formulas:

Norway is granted jurisdiction over the Spitzbergen shelf up to the quadrangle delimited in the Spitzbergen Treaty. At the same time, it would relinquish its claims to areas east of the sector line. Based on the provisions of the Spitzbergen Treaty, Norway extends a guarantee to all signatories which includes equal opportunities for economic exploitation of the area and the commitment to preserve the demilitarized status of the islands;

The Western powers agree to restrict economic access to the area of the Spitzbergen Quadrangle;

The West extends de facto recognition to the Soviet sector line. The Western powers relinquish all claims east of the line; the Soviet Union, for its part, relinquishes all claims west of the line. The area west of the sector line, jointly administered as a result of the gray-zone agreement, is returned to Norway by the Soviet Union.

On the basis of such a compromise formula, an area of peaceful cooperation founded on economic competition could develop on the Kola peninsula lying between the northern flank of NATO and the militarily sensitive naval and nuclear strategic bases of the Soviet Union. This formula would be of advantage to all concerned. For the Soviet Union it would bring unhindered, ice-free passage for her fleet from Kola. The economic presence of the Western powers, supported by Norway, would be assured in the Spitzbergen area. And, the limits of Norway's territorial waters would be clearly defined vis-a-vis the Soviet Union.

International legal directions for such a compromise solution must be laid out soon, Western experts say, so as to forestall any and all possibility of conflict in the area.

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## STATE OF ARMED FORCES EXCELLENT THANKS TO SPANNOCCHI

Vienna PROFIL in German 7 Jan 80 pp 10-13

[Article by Michael Nakladal: "Emil and Defense: The New Federal Army"]

[Text] Armed Forces commander Emil Spannocchi, strategic reformer, trout breeder and public relations genius, probably was the most successful man in uniform of the 1970's: for the first time, an army which had been ridiculed for years is being respected inside Austria and admired in foreign countries.

"They act like real professionals," said FRG General Gero von Isemann approvingly, while his Swiss colleague, Division Commander Josef Feldmann, eagerly agreed: "We will have to revise our opinion about the Austrian Bundesheer [Federal Army]!" Two months after the biggest Bundesheer maneuvers of the postwar era, the success of "Area Defense Exercise '79" is reflected in a number of effusive commentaries from abroad:

"We are impressed," says U.S. Colonel Emmet J. O'Brien, using the royal "we." Yugoslav Maj Gen Pavel Suc, making a favorable comparison, says: "Much of this reminds me of our 'Comprehensive People's Defense' concept." The Netherlands' Colonel Jan Thielen finds himself "honestly surprised by this good performance." Even the Swiss, frequent critics of the Austrian army in the past, made a turnaround: "This area defense evidently does not just consist of harassment, but is truly effective." The attaches were especially impressed by the active involvement of the civil population (says Colonel Thielen: "The proximity of the Iron Curtain is obviously exerting its influence."). Only USSR Colonel Viktor Provatov did not wish to comment; his excuse was that "he had already had too much to drink."

[Translator's Note: the title is obviously a word-play referring to the book title "Emil und die Detektive" ["Emil and the Detectives"] by Erich Kaestner.]

While in the past such expressions as "military vacuum" or "soft southern flank" had been used by sharp north Europeans when discussing Austrian defense efforts, even the otherwise cool ARD [Working Group of FRG Broadcasting Institutes] commentators fell all over themselves with enthusiasm on this occasion. Said ARD newsman Dagobert Lindlau: "We could use this as a model ourselves."

Even Wofram von Raven, editor of the Hamburg DIE WELT, who had in the past been one of the most violent (though expert) critics of the Bundesheer, came to the following conclusion on 3 December 1979: "Austria has conducted its Bundesheer maneuvers with commendable virtuosity. Unless I am completely mistaken, this constitutes an essentially successful transition between that country's old and new defense concepts."

The "mini-super power army" is therefore finally a thing of the past. The "battle" and "linear border defense" concepts have been replaced by "total area defense." Rather than overrunning the province of Lower Austria with an entire tank army, the militia soldiers practiced limited warfare--how to avoid a major battle by what Spannocchi calls "the tactics of a thousand pinpricks."

There is an entirely new spirit about the army. It is personified in the man who is at this moment probably Western Europe's most popular army commander: Emil Spannocchi.

This traditionalist Austrian provincial aristocrat was successful in achieving in a military sense what Kreisky had achieved in the political arena: to reestablish the Austrians' pride in their own army which had ended by being swallowed up in the Third Reich. The spirit of army commanders like Prince Eugen, Laudon or Radetzky seems to emerge from the dim past and provide the army of our republic what it needs more than anything else: a new-old identity.

More than anything, this had been destroyed by World War II. The new army was established after the occupation period in 1955--more against its will, rather than because it wanted to be. "More like a premature birth, really," says Spannocchi.

Even this former cavalry officer, who had been retrained in tanks in Hitler's Wehrmacht, could only think in terms of the past at that time: "We started building a small army modeled on those of the superpowers. We knew nothing of any other type." Take for instance the Swiss militia concept, with which Wehrmacht officers did not even have theoretical familiarity.

World War II strategic thinking determined defense policies of the postwar army: thundering tank battles; frontlines many kilometers in length extended through the wine-growing district; rifle battalions raced toward the Marchfeld to fight a decisive battle.

And there was not a single Austrian who would have thought that such a battle could even have been lost with a minimum of decorum.

When during the 1960's war and misery faded from memory, the army turned into a totally unappreciated millstone of the economy. As Spannocchi puts it, "the time of discomfort about the Bundesheer had arrived." Young people found a certain comfort in rejecting authority, which, to them, found its most stupid expression in the Bundesheer: a senseless form of exercise with close order drill, cleaning of weapons and dry runs. Defense theory and defense application were separated by a deepening chasm. While adhering to the strategic example of a superpower, the Bundesheer trained its soldiers for only 9 months, instead of 15 or 18. The officers realized soon enough that within that period there was no way to teach a youngster the "nine ways of combat."

The recruits realized this also, and their mood reflected this. "Rearmament was not the main problem," remembers Spannocchi "training was!"

The result: "Despite publicity efforts even in those days," says Johann Ellinger, the Defense Ministry's press secretary, any interest in national defense was stifled. Elitist lieutenants and hard-drinking noncommissioned officers retreated to their separate clubs, beset by mixed feelings of hurt resignation and doubts about the necessity for their own existence.

The influx of men to the military academy and to the army training schools dried up. The Bundesheer was "out." Under these conditions, Armored Forces Colonel Spannocchi at that time started to play at his sand table, filled with unbroken optimism. When in 1964 he was promoted to commander of the National Defense Academy, he found some playmates: "red" Wilhelm Kuntner (probably the army's most talented theoretician) and the man who today is Maj Gen Helmut Berger. Says Spannocchi: "We started rummaging through history, looking for a way in which a small country can defend itself without immediately being defeated."

Yugoslav partisans appeared to have such a "recipe." Cuba's Fidel Castro had it too, and especially the Viet Cong, which was considered invincible by leftwing army detractors. Spannocchi and company distilled their strategy from these examples: if you cannot win a battle, avoid it. If your army is small, you must protect it. Look for small skirmishes; never big ones. Use massive force concentrations only when indicated in "key zones."

Reduced to a few words, that was the content of what is today's Spannocchi Doctrine.

At the time, though articles and essays had been published about it as early as 1962, it remained a sand table game. While the first major reforms took place during the regime of Defense Minister Dr Karl Schleinzer (1961-1964), the superpower army defense concept remained untouched. Instead, Schleinzer and Gen Gustav Habermann took the U.S. monster army, of all things, as a model and made a distinction between training and operational units. The result of this was that officers and noncoms simply refused to go along with the constant transfers caused by this situation. Many quit and looked for work in the burgeoning economy. Many of those who stayed in were sub-standard.

Schleinzer's successor was the stubborn Dr Georg Prader who proclaimed the original motto: "In the army, there will be no changes whatever." While this "perennial trooper" and loyal member of the OeAAB [Austrian Workers and Employees League] pushed the career of his Seitenstetten school buddy Spannocchi (he appointed him commandant of the National Defense Academy), he turned a deaf ear to the latter's ideas and theories.

In the meantime, there had been long discussions in leftwing and liberal groups about the socalled "Thirring Plan." Dr Hans Thirring, a physicist and rabid pacifist, considered the army to be "wicked" and advocated its dissolution. As the leftists increasingly bought this idea, the dumbfounded officers kept hearing the slogan "Too many tanks--not enough brains." Eventually, Dr Guenther Nenning and Wilfried Daim, a PhD in psychology, demanded a public referendum with the objective of eliminating the Bundesheer. As late as 1976, Spannocchi gloated about the failure of this "dumb initiative" in an article in the MILITAERISCHE ZEITSCHRIFT. He himself had hardly any doubt that this idea could have represented the mood of the public.

Shortly thereafter the shock was felt which tore Prader's army out of its lethargy and which, in retrospect, probably saved it: the socialist election victory of March 1970.

The socialists had taken a cue from the successful anti-Bundesheer movement and won the election battle with the slogan "Six months is long enough!" Not that they had a new concept for the Bundesheer; the unpopular army just served their purposes as an object of election demagogic.

Said Prader: "This is the end of the Bundesheer!"

Neither the ailing Freihsler nor his successor Luetgendorf was able to arrive at an integrated concept. As Spannocchi put it, "both were slightly over-taxed" by the radical changes.

Gustav Zeillinger, at the time the FPOe [Austrian Liberal Party] defense expert, summed up Luetgendorf's concept as "five continuous pages of chapter headings." The revolutionary idea of a quick reaction force had already been proposed by Luetgendorf's predecessor, Johann Freihsler.

Defense Academy chief Spannocchi, at the time the most influential member of the general staff, was drawn into this vacuum. As Luetgendorf remembered it, he had an idea which might serve to energize the army despite the brief period of military service: the militia concept and area defense.

Even a cursory glance at this concept made a separation of the army into two parts mandatory: a 6-month militia and an alert force serving a longer period of time.

--The alert force consists of the cadres and recruits willing to extend their term of service voluntarily. It is, in other words, the remnant of the "standing army" and a readily available "crisis fire brigade." Its manpower, prescribed by law: 15,000.

--The remaining recruits serve 6 months and then participate in exercises. They eventually form the "militia." The Swiss militia system (emulated by the Spannocchi Doctrine) is exactly that type of a reserve army with short basic training and periodic maneuvers.

Says Spannocchi: "The newly abbreviated period of service forced us to institute radical reforms. There really was no alternative at all to having a militia."

The Farmers' Alliance member hit the big time at the moment that his party's big time was finished forever: in the fall of 1972, Luetgendorf appointed Defense Academy chief Spannocchi commander of the alert force. In 1973 he became commander of the Armed Forces, a brand new position which was even physically separated from the ministry. Spannocchi moved to the "General Koerner Headquarters Building" in Vienna-Huetteldorf. "I asked for the Armed Forces command to be able to function effectively. "A ministry," said Spannocchi, "cannot be used as an instrument of leadership."

At 56, the general took over an army which, as far as public opinion was concerned, had a choice of two adjectives to apply to itself: "not operational" and "superfluous." The army was exhausted after enduring the most radical reform since its beginnings. DER SPIEGEL gave the opinion that Spannocchi was sitting "at the army's death bed." The Swiss WELTWOCHEN thought it could smell a "defense policy fiasco" in the East. And the conceited Spannocchi was given the unflattering nickname "Commander of Ruins."

Spannocchi's first task consisted of assembling the prescribed 15,000 men for the alert force. But to date only about 9,000 extended-service draftees have found their way into the barracks. Of the 27 readiness battalions authorized at the time, 13 were not manned. With slight frustration, Spannocchi concentrated his efforts upon the militia. The army's image had barely

improved by that time. The time-obligated soldier, known as "ZVS" [Zeitverpflichteter Soldat] was deprecatingly called "civilian failure" by the regulars. After a day's crawling and floundering in the field, a ditty could be heard in the barracks rooms which expressed the thought "God created man and beast, but not noncoms."

But during this period of depression the army resorted to out-of-phase recruitment. It mounted the largest public relations offensive since its beginnings. For the first time, millions of army funds went into newspaper advertisements: "The army--opportunities for achievers." Or: "The truth about our army--what we do have, what are we capable of?" At times, the words took aim at the latent misgivings: "What is the matter with our army?" Apart from Spannocchi and press information chief Ellinger, the prime mover of this campaign was Deputy Army Commander Wilhelm Kuntner, who had been readying recruitment plans since 1973.

At the same time, Spannocchi's personality outshone the stark reality of the situation. The general became renowned by, more than anything else, radiating hope: "After all, we are just starting out," or "of course the alert force is not yet manned--those things take time." Those who were envious of him (and people like him never lack being envied) started whispering words like "dazzler" and "chatterbox."

The poorly performing Luetgendorf was particularly disturbed by his commander's brilliant image ("Books have been written by generals of bigger armies."). Many old combat veterans found it impossible to come to terms with Spannocchi's ideas. The feud between then Inspector General of the Army Anton Leeb and the commander in chief was a daily topic of conversation in the headquarters building. Says Spannocchi today: "Leeb is a capable and excellent officer. But he did not go along with our style." The VOLKSTIMME gloated in many of its columns about the "grinding partisan warfare between the army command in Breitensee and the Armed Forces Ministry on the Franz-Josefs Quay."

While nothing much of a positive nature could be written about the armed forces, there was a lot to write about the scintillating figure of their commander: the Spannocchi family history (old Italian aristocracy, dating back to Siena in the 11th century); Spannocchi's private life ("trout breeding at Voestenhof") were discussed in detail. Pictures of Spannocchi in hunting togs; Spannocchi wearing lederhosen. No army commander prior to Spannocchi ever enjoyed that much press attention. When, in addition to trout breeding, Spannocchi started to raise chickens on his family estate near Pottschach, Guenther Allinger was moved to write a jingle in the KURIER: "For your barbecued chicken--see Herr Spannocchi!"

Spannocchi was his own best press agent.

In spite of occasional setbacks, such as the Wallechner affair ("The slave driver of Mautern") or, later on, Luetgendorf's fall from grace, the army's image improved in an unimaginable fashion. In a poll conducted by IFES, it appeared that among people who had read anything about the army, 52 percent had "predominantly positive" recollections. Only 5 percent were of the opinion that the army had "gotten worse."

In answer to the question of whether the Bundesheer was finally beginning to function properly, Spannocchi developed a much quoted reply in 1978: "Rome was not built in a day. And a pregnancy lasts 9 months."

The army's reform is scheduled to last through 1985. At that time, the militia will have the 186,000 men necessary to implement the area defense concept. Says Spannocchi: "What we really need are 300,000. But that is a long-range objective."

In case of actual conflict, the militia (meaning the reservists) bear the brunt of the national defense effort. When it happens, the baker from Traiskirchen gets his gear together, picks up his weapon from the barracks and, together with other fellow citizens of Traiskirchen, takes his position in the nearby woods. There he waits for the opportunity of attacking the rear of an enemy company which, he hopes, is not of superior strength.

At this moment, the alert force consists of the First Armored Infantry Division and three rifle battalions, altogether about 9,000 men. Equipped with tanks, artillery and machine guns, they defend fortified positions in the "key zones." In time of peace the alert force is purely a crisis control instrument; it enters local crisis zones (theoretically, during civil unrest) or protects the seat of government against an attempt at violent overthrow.

Using these two instruments, Spannocchi hopes to be able to deny, or at least to impede, an incursion by uninvited guests. The basic principle in any kind of confrontation is the doctrine "Defense without Battle." For this purpose, the entire federal territory is divided into "key zones" and "security area zones." The key zones are the areas of highest strategic importance which "must be crossed by an aggressor wishing to move in an East-West direction," according to Spannocchi. One such key zone is the Wachau sector of the Danube Valley. Fortified positions are being constructed there, tanks proceed there, and artillery is stationed there. These are the "Spannocchi Corks" which must plug the key zone at right angles to the aggressor's main line of thrust. It is armed with militia forces which are reinforced by "mobile militia."

However, in the "security area zones" small rifle detachments harass the aggressor. Partisan-type units provide security for areas not under attack or themselves attack the enemy's flank or rear.

Says Spannocchi: "We have learned a lot from the Swiss militia system. Unfortunately, we lack their experience of 200 years."

This is true especially where training is concerned. That is why Spannocchi imparts similar importance to militia training as he does to the major problems of today's army--air space security, fighter interceptors, construction of fortified postions. "In case of hostilities, they are the ones who count."

As of 1979, the militia army comprises about 160,000 men. Says Spannocchi: "Certainly it has not yet the strength necessary for area security. But, according to our plans, this will occur by 1985." But the quality of training leaves something to be desired. Spannocchi is particularly worried about the capabilities of the "lower leadership level"--platoon leaders, reserve noncoms: "We probably need a lot more practice."

This became evident also during the 1979 mud maneuvers. While "holding of key zones" was properly accomplished, many militia reservists had no idea what it was all about.

In a ZDF television interview a few freezing soldiers were asked whether they knew the object of the exercise. Said they: "No. We are freezing."

Nevertheless, the army has been entirely reorganized in accordance with the new concept; during the exercises, reservist training is conducted by other reservists. "Amateurs are training amateurs," criticized Maj Gen Mario Duic.

But training as such has changed. Reservists are familiarized with the object of the exercise. As a reserve master sergeant put it: "The emphasis has changed. The men are being properly motivated and used in an appropriate manner." The new uniforms (one of image-conscious Spannocchi's first investments) are more practical and moreover sharper looking. Says Spannocchi: "The men don't have to be ashamed of their uniforms any more when they wear them in a coffee house." Simultaneously, training cadres were spruced up: they are paid more, take tests more often and even compete among themselves. And even the low man on the totem pole, the private, has lately shown more enthusiasm. One reservist brought along a power saw to expedite the gathering of twigs and branches for camouflage purposes. Also, the renowned "goldbricking" (malingering) seems to be on the wane; despite continuous rain during the maneuvers, only a bare .5 percent of the participants reported for sick call. And the civilian population participated fully. It is as important a component of the Spannocchi Concept as are the troops. When a few foreign maneuver observers lost their way and asked for directions to the command post in a small village, none of the civilians present would say a word. They had been instructed not to give any kind of information to the enemy or to suspicious-looking strangers.

The new army's opportunities lie principally in the new attitudes.

Any deficiencies remaining are a matter of execution, rather than defects in the basic concept.

There are for instance certain areas which are not "key zones" (e.g. Vienna and parts of Lower Austria) which are more vulnerable than necessary. Their defense is mostly in the hands of militia partisans, i.e. unsupported infantry, and at the same time the terrain is ideal for armored vehicle passage. The terrified reservists would therefore require solid antitank support to keep the "area security zone" from evaporating. However, the State Treaty forbids the use of the only effective antitank weapon: guided antitank missiles. The air situation is equally critical. As Spannocchi puts it "the Goldhaube air warning system will be in use through 1981"; but this will at best give the Austrians something to detect, but nothing to shoot it down with.

The 38 Saab fighter planes which are presently sitting around would most likely be destroyed on the ground before they had a chance to take off. And even if they took off, their number would most certainly decrease by 38 within a few hours.

Says Spannocchi: "We would not be a match for an enemy in the air in any case; we are therefore not looking for any aerial engagements to begin with, just as we are seeking to avoid a tank battle on the ground!" Of much greater importance, he continues, is an effective aerial warning system. "Specifically, an effective ground-based defense system."

At this point, the entire Spannocchi Doctrine becomes a question of money. Even if the required manpower situation is reached around the middle of the 1980's, "it would be necessary to spend an additional 1.3 billion schillings annually until 1986 to adapt arms and equipment to the Concept." This is the opinion of OeVP [Austrian People's Party] defense expert Neisser.

But there appears to be a possibility that the government will provide the army with that opportunity. Because the army of 1980 has made a transition from a red stepchild to something resembling a pet. For the first time in the history of the Second Republic it has its sights set on a precisely planned objective and adheres strictly to a defense concept whose nationally and internationally proclaimed merits have made their mark. Says Swiss division commander Josef Feldmann: "Until now, we in Switzerland have had the wrong impression of the Austrian Bundesheer. We used to think that it did not amount to anything worth mentioning. Now I can go back home with my mind at rest."

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CSO: 3103

## SOCIALIST INTERNATIONAL 'STATEMENT' ON 5-6 FEBRUARY VIENNA MEETING

AU081210 Vienna ARBEITER-ZEITUNG in German 7 Feb 80 p 2 AU

[Apparent text of statement issued by Socialist International at closing of its 5-6 February meeting in Vienna: "Socialist International Continues To Advocate Detente--Statement by the Party Leaders' Conference of the Socialist International in Vienna"]

[Text] The development of international relations at the beginning of the new decade gives cause for great concern. A tendency towards confrontation has replaced the will for peaceful cooperation in many fields of decisive significance. The policy of detente between the big powers and in Europe is in danger. A further acceleration of the arms race has occurred. The North-South relations are subject to increasing tensions.

The Soviet military intervention in Afghanistan has violated both international law and the sovereignty and right to self-determination of that country.

The Socialist International condemns the intervention by the Soviet forces in Afghanistan and calls upon the Soviet Union to withdraw all its troops from that country.

The policy of detente and the search for the harmonization of diverging interests that has begun more than a decade ago, has yielded significant results that are noticeable in the everyday life of many people, even if this process is limited mainly to Europe and the world powers. It is not only in the interest of one side but to the benefit of all concerned that the tensions between East and West are diminished and cooperation expanded.

The process of detente has gradually deteriorated. This has become manifest in the new developments in the field of medium-range nuclear weapons.

That negative development was made even more disquieting by the fact that the SALT II treaty has as yet not been ratified by the United States.

The achievements of detente must not be jeopardized. A reversal to cold war would bring the world to the brink of a catastrophe.

It seems that the world is running the danger of arming itself to death. It is indispensable that concentrated efforts be made in order to limit inter-continental and medium-range nuclear weapons in terms of quantity and qualitative equipment in order to achieve a balance on a low level.

Should the means and methods used in the past prove no longer fruitful in negotiations, new ways have to be discussed as quickly as possible. In this context, the obligations entered into in the past must be strictly fulfilled.

Events in Asia represent a further urgent exhortation that the relations between North and South must at long last be placed on a new basis. The fate of the Third World should no longer be determined by strategic motives of the power politics of the superpowers on the blocs, but should be based on the concept of a new economic world order.

This concept should inspire all efforts undertaken in order to prevent the outbreak of new conflicts that could lead to widespread "conflagrations." New efforts should be made in the Middle East, in Southeast Asia, Southern Africa and Central America.

The struggle for human rights is being led with great courage and sacrifice in all continents.

Many democratic socialists have lost their lives in this struggle in Latin America. The USSR's continued harrassment of Andrey Sakharov is a clear example of the persisting persecution of those who, in communist countries, voice diverging opinions.

The Socialist International is deeply concerned over the dangerous escalation of tensions, the increased pace of the arms race, the rivalry among the big powers, and the growing use of force in international relations.

Especially in times of increasing tensions and developing crises like the present ones, contacts are indispensable in order to diminish mistrust and confusion and to create security.

Therefore, in the interest of peace and of preserving and securing detente, the Socialist International deems it essential that:

--all opportunities for bilateral and multinational dialog be taken;

--the USSR withdraw its tropps from Afghanistan;

--the preparations for the second follow-up meeting of the conference on security and cooperation in Europe (Helsinki), scheduled to be held late in the fall of this year in Madrid, be continued;

--the USSR's suggestion for a European energy conference be examined as soon as possible;

--new opportunities be found to negotiate on halting the deployment of new nuclear weapons in Europe;

--the Vienna troop reduction talks be conducted with greater urgency;

--all efforts be undertaken in order to begin the negotiations on SALT III as soon as possible.

The Socialist International calls for the release of the hostages held in the U.S. Embassy in Tehran and believes that this would be in the best interest of the Iranian people and international cooperation.

The Socialist International will place increasing emphasis on its contacts with the nonaligned movement.

The Socialist International wants to play an active role in promoting a useful dialog, because the future of detente is at stake. The member parties should utilize all their possibilities for contacts to promote and support a policy for the continuation of detente, for an improvement in the relations between the United States and the USSR, and for the achievement of concrete results in the negotiations on arms control and disarmament.

The president and the vice presidents (of the Socialist International) shall examine the development of these contacts and deliberate on new initiatives in the spirit of the guidelines agreed upon at this conference.

CSO: 3103

## COMMENTARY ON ECONOMY OF QUEBEC IN 1979

## Government Action in Economic Sector

Quebec LE SOLEIL in French 29 Dec 79 p A6

/Editorial by Jean-Paul Gagne: "The Private Sector Saved the Year of the Economy" /

/Text/ The year 1979 should have been the year of the economy in Quebec. After 2 years of legislation centered mainly on social questions, the government of Quebec promised us in the inaugural speech of March 1979 to give priority to devoting its efforts toward giving new impetus to the economy.

Several plans announced during the inaugural speech were realized: the launching of a modernization program in the pulp and paper industry; the establishment of a research center for asbestos; the continuation of the OSE /expansion unknown/ operation; the setting up of the savings-stock system; the establishment of a Grains Administration; the strengthening of the Cooperative Development Company; legislation on tourist credit (the program is not yet operational); the launching of the SDI /Industrial Development Corporation/; and some others.

On the other hand, several measures are still outstanding: decentralization of the departments of aid to companies; a speeding up of approval procedures for the SDI; the establishment of a company to promote exports; setting up the business banks proposed at the Montebello summit, in which the government and private financial institutions would participate; legislation to protect small commercial franchise holders; legislation to distribute petroleum supplies; modification of the building code; establishment of the Economic and Social Council which could take the place of the major economic summits.

Failures, too: the impossible revival of SIDBEC /expansion unknown/ which swallowed up \$30 million in a good year for steel; and the failed nationalization of the Asbestos Company.

The great hope for government intervention came from "Building Quebec," the statement of economic policy published in September by the minister of state for economic development, Bernard Landry; this statement offered a hundred new measures to redirect Quebec's economic development and to base it more on the physical, human, and financial resources of the region. It said it is longer the state's function to be the driving force behind development, but it is rather to the company that falls the task of undertaking and creating jobs. This is a 180-degree turn that was inspired by a healthy realism.

However, none of the new measures announced in "Building Quebec" have been achieved. Mr Landry gave himself a due date of between 12 and 18 months to achieve the main part of his plan of action. Beyond all doubt, 1980 should once again be the year of the economy if the government means to honor its commitments.

Rene Levesque's government has never made the economy its primary concern, even though certain members of his cabinet have devoted the main part of their energy in 3 years of power to economic development. Bernard Landry is one of these, but he has no power. Representation of the economic sector within the cabinet has always been deficient, which can only result in an imbalance in overall government policies. Following the demotion of former minister Rodrigue Tremblay, the head of the government had to fall back on Yves Duhalme to take over the leadership of the important Ministry of Industry and Commerce; this political maneuverer/lawyer already had his hands full with the Ministry of Tourism, the chairmanship of the Law Committee, and his duties as assistant parliamentary leader.

The best index of governmental noninvolvement in economic matters is in the fact that the budget for the economic mission went from 13 to less than 12 percent of all government expenditures during the reign of the Pequiste government.

Fortunately, the private sector of the economy contributed strongly to the development of the economy, and it is to this sector that credit must be given for the creation of 80,000 new jobs in 1979.

Manufacturing investments increased by 15.3 percent in 1979, compared to 11 percent in Ontario. The Quebec manufacturing sector created 33,000 new jobs and the value of international exports increased by 35 percent. These results are extremely encouraging when they are compared to the loss of several thousand jobs due to factory closings (Cadbury, Rayonier-Quebec) and to company headquarters and portions of companies moving away.

The number of unemployed decreased by 32,000 due to a faster increase in jobs than in the active population, which only increased by 48,000.

The creation of jobs must remain a primary concern in 1980, since the American recession will surely have the effect of slowing down the economy of Quebec.

The budget being prepared must contain incentives for creating jobs and not merely "candies," as will no doubt be tempting to do as the referendum draws near.

#### Government's Assessment of Economy

Montreal LA PRESSE in French 3 Jan 80 p A4

Article by Ivan Guay: "Quebec's Economy in 1979 Seen by the PQ [Parti Quebecois]"

Text The beginnings and endings of years are generally devoted to evaluations of all kinds. In December, the Pequiste government, through the voice of its new minister of industry and commerce, Yves Duhaime, gave an assessment of Quebec's economic situation for the year 1979. According to Mr Duhaime, it was one of the best years for a very long time in terms of the creation of jobs and industrial growth. One would have to go back to 1973, stressed Mr Duhaime, to find a greater number of jobs created.

It would be ridiculous not to be pleased, with the minister, with such a situation. Even more so since, as he stressed, none of the agencies specializing in economic estimates had forecast the creation of more than 50,000 jobs, whereas there were approximately 80,000. Nevertheless, what matters to the Quebecois is less knowing that they have not been engulfed in a recession as knowing whether they are on the road to real economic growth. But in order to make such a diagnosis, a certain amount of intellectual exactness is required. And ministerial statements, from whatever government they come, are, alas, almost always biased.

It is easy to understand why governments are electorally slaves to their image. Their budgets, especially since the 1939-1945 war, have become larger and larger. And the governments, in order to get themselves elected and reelected, have maintained the myth that they can correct the deficiencies of the economy. After 40 years, people in all the capitalist countries are beginning to see that this is absolutely not the case. The influence of governments on the economy is indirect, that is to say, they help the economy most by not hurting it, either through excessive taxes and duties or through meddlesome and oppressive regulations. Not to mention the artificial interest rates of the central banks and the budgetary deficits that increase and maintain inflation.

This is why the rather triumphant tone of Mr Duhaime's assessment makes one smile. "Ever since people spoke to us about creating jobs, the government of Quebec understood the message." But did it really understand? One need only analyze the situation, if only briefly, to understand that it did not understand very well. The minister emphasized strongly that the manufacturing sector, "the driving forces of the economy," had been furthered by 33,000 of the 80,000 jobs created. But one must look at the industries and

the methods. Two-thirds of these jobs have been created in declining industries (textile, clothing, hosiery, wood, and so on), because of the restriction on imports and the prolonged fall of the dollar, two artificial and temporary means.

These industries are not really competitive, and will lost more jobs than they have created as soon as the situation becomes normal again. In other words, as soon as the economy comes out of its semi-stagnation and the dollar regains its strength. In addition, the building sites of James Bay were major creators of jobs. But they are not an entirely positive contribution, since they paid even the taxes of the taxpayers. Not counting the fact that the jobs they created are temporary and that if the construction industry remains stagnant, these workers will find themselves unemployed again.

One can, as Mr Duhaime did, credit the Pequiste government with permanently abolishing the sales tax on textiles, clothing, and footwear. But this is nothing to get excited about, since the government's budget and deficits are expanding and to a great extent cancel the advantage of abolishing this tax. Mr Duhaime is also pleased about an annual 10 percent increase in the net revenue of farmers. But he omits to say that a substantial part of this increase is only a transfer of revenue from the rest of the people to the farmers, since it is made up of subsidies and cartel prices (joint plans) that are paid for by consumer-taxpayers.

It is astonishing to hear that Mr Duhaime is delighted that "as a result of the agreements of the Tokyo Round, more than 80 percent of our products will have access to the American market between now and 1800 without any customs duty." For the credit side of Mr Duhaime's assessment rests almost exclusively on protectionism (textile, clothing, footwear, agriculture, and so on). If one takes into account the fact that the unemployment rate in Quebec is still 2.8 percent higher than that in Ontario, and that the per capital income is 5 percent lower than the Canadian average, we are going to have to be intellectually more consistent and economically more competitive.

CSO: 3100  
11550

## COMMENTARY ON RYAN'S PLAN FOR 'RENEWED FEDERALISM'

## Details of Ryan Plan Explained

Montreal LA PRESSE in French 11 Jan 80 p A4

Editorial by Marcel Adam: "Ryan's Plan for Renewed Federalism"

Text A noble style, a broad perspective, clear argumentation, a structured work--these are the main characteristics of the document made public yesterday by the Constitutional Commission of the Liberal Party of Quebec, under the title "A New Canadian Federation."

For the first time some Quebecois are proposing to their fellow citizens a truly federalist reform plan, even more so than the report by the Pepin-Robarts Commission, the Quebec prejudice of which was so obvious that it made English-speaking Canada turn very cool.

The liberal document, to be sure, does not ignore the Quebec problem, since this was the basis for this undertaking; moreover, it is very well explained in the first part. The originality of the work is a result of the fact that there is no attempt made to resolve the Quebec problem to the detriment of the federal balance, but in terms of all the difficulties that Canada is experiencing and which must be solved harmoniously in order not to upset the country.

What are the points in this plan that hold one's attention after a preliminary reading?

Let us note first of all that the document does not claim for Quebec that special status which Mr Ryan championed not long ago. Like the Pepin-Robarts report, the Ryan document proposes reform based partly on the duality of the founding peoples, which will be illustrated mainly in the Federal Council and the Supreme Court, with the linguistic rights of these peoples being guaranteed by the Charter of Rights at the federal and provincial levels; and partly on regionalism, which calls for a certain amount of decentralization of power in favor of the provinces.

Mr Ryan said yesterday that seeking a balance was the primary concern of the authors of this document. They believe they have found it by granting more powers to the provinces in several areas and by abolishing or limiting those of the federal government in other areas.

The central part of this plan is the Federal Council, which is to replace the Senate. This body, composed of provincial delegations to defend regional interests there, will intervene when federal policies impact provincial jurisdiction, and it will have a say in the composition of certain federal agencies.

As the document lays great stress on the equality of the two orders of government and in the sovereignty they will enjoy in their respective jurisdictions, one might wonder if this council will not introduce an inequality favoring the provinces, given that the sovereignty of the federal will be to a certain extent alienated.

It will be noted that the Ryan plan calls for less power for Quebec than, for example, the Bourassa government, particularly in the areas of communication and culture, where it acknowledges that the federal government has a role to play.

Mr Ryan warned yesterday that his document contains some heresies compared to the former document because, contrary to what people were used to in Quebec, the reform was conceived with a Canadian perspective rather than an exclusively Quebec viewpoint.

In the next few days we will have an opportunity to analyze closely the concrete proposals of this document. Even though the economics of the plan are remarkable in several regards, several aspects are debatable.

Claude Ryan fulfilled his promise to make his plan for renewed federalism public before the referendum. The Pequiste government should breathe easily; from now on public opinion will turn its attention away from the sovereignty-association plan to analyze, scrutinize, and criticize the liberal plan.

For several months it will be Claude Ryan who will be on the defensive. And during the referendum campaign, the Liberal Party will have to fight on two fronts: attack the plan submitted for the referendum and at the same time defend its own, on which the citizens will not be asked to make a decision.

It is possible that this federalist document will be more embarrassing than useful to the federalist camp.

Document Will Face Certain Obstacles

Quebec LE SOLEIL in French 11 Jan 80 p A6

/Article by Marcel Pepin: "Ryan Throws Several Challenges at English-Speaking Canada" /

/Text/ Fifteen years ago, the former Ontarian prime minister, John Robarts, submitted that the federal government was an emanation of the provinces and was in some sense only their representative. Following this principle, Mr Robarts attempted to launch a constitutional reform which would specify even further the power of the provinces in the administration of the country.

Not only was Mr Robarts not listened to in Ottawa, but even in Ontario he was sharply attacked, for having claimed that the federal government was only the product of the wishes of the provinces. In Ontario and elsewhere in the country, people still firmly believed that the central government was the country's agent of sovereignty, the "senior government" that held an implicit mandate to decree whatever was of national interest.

This conviction was accentuated by the energy crisis. The Trudeau government had no difficulty in convincing the rest of the country that the petroleum resources of the West should serve the whole of the country, no matter whether Alberta or Saskatchewan were in agreement. This is how he assumed the power of fixing prices and even of distributing the available petroleum adequately throughout the country in the event of a shortage.

This predominance of federal power is part of the popular belief in English-speaking Canada, even though at times some provinces grumble against the encroachments that have multiplied in areas known as provincial, such as housing, urban affairs, road transportation. But these protests, as sharp as they may be at certain times, have never questioned federal leadership.

The Ryan document repudiates this leadership. It proposes instead a form of coadministration of the country, in which federal sovereignty is in some way subject to the approval of the provinces, which would become a basic cog in the working out of so-called national policies.

This conception subjects federal representatives to a rude test. Elected by national suffrage, they think that they possess, in the same way as their provincial partners, a mandate to determine what measures best correspond to the expectations of the citizens. They will not easily agree to having their activities ratified by provincial representatives, especially in areas where until now they have had a free hand, that is to say, in sectors where government action is dictated by the idea of national interest.

Here, then, is the first difficulty that the Liberal negotiators will have to face if they come to power: to convince those they are talking to of the necessity of changing their status of "senior" representatives to "equal" representatives.

This first obstacle remains, however, minor compared to another request that, this time, demands of the Liberal deputies that they turn into mere bureaucrats. The Liberal request regarding the transfer of social policy to the provinces in effect deprives the federal representatives of their main link with the taxpayers, that is, the checks for old-age pensions, family allowances, or unemployment insurance which, according to the Ryan document, would be sent out by the provincial government. One must thus expect strong objections from the federal deputies, especially those from Quebec, whose objective is still to accentuate the federal presence in the people's lives.

However, the main obstacle that Mr Ryan's negotiators can expect, if they enter into negotiations for this federalism, concerns the very method that they are advocating. Under the pretext that "no patching up or cosmetic operation" would be sufficient to satisfy the deep desire for change that is stirring up Quebec society, Mr Ryan and his friends have opted for a total and complete revision of the constitution during a relatively short period of time.

Objectively, this method is attractive, because it permits the elimination from the scene of a problem that is handicapping the energies of all the governments. In practise, however, it presupposes a very pronounced political desire among all the participants in the discussion. Does this political desire exist? Can it be aroused? There is nothing to indicate that such is the case at the present time.

On the contrary, English Canada has traditionally avoided upsets in this area. It prefers to proceed by small steps, settle the most urgent questions one at a time and determine, as events arise, the priorities that should be respected. By advocating a total, radical reform, Mr Ryan is running headlong against the customs of the other provinces and of the central government. In order to convince them to abandon piecemeal discussion in order to deal with a major overall negotiation, he will have to resort to arguments that are not yet known. What are they? Is it enough to state that Quebec has become impatient? Daniel Johnson already resorted to that argument, without much success.

Fatally, English Canada will perceive this document as a position of negotiation. Before committing itself, it will wait to find out what Mr Ryan is ready to give up. And above all, it will ask itself if the Quebecois alone have the right to decide in what kind of Canada the other Canadians wish to live.

The merit and the weakness of this document is in defining not only Quebec's position in Canada, but the country itself. And on that subject, the others will want to have their say.

CSO: 3100  
11550

## REACTION TO RYAN'S CONSTITUTIONAL DOCUMENT DISCUSSED

Montreal LE DEVOIR in French 16 Jan 80 p 4

[Article by Lise Bissonnette: "Transparent Silences"]

[Text] In the face of the uneasiness, expressed through convolutions of language and strategic silence, that has greeted the publication of his constitutional document in English-speaking Canada and in federal circles, the leader of the Quebec Liberal Party [PLQ], Claude Ryan, pretends not to be worried and to see only a healthy prudence in it. A massively positive reaction would perhaps have been as harmful to him in Quebec as a massively negative one, he explained during the numerous interviews he has granted since last week. He hoped, however, beyond these purely strategic considerations, that reactions would be frankly expressed. Far from it, and this reception, neither flesh nor fowl, is perhaps the worst thing that could happen to the PLQ Constitutional Commission's document.

The reasons given by federal politicians for taking refuge in silence will mislead nobody. Even though Mr Ryan is the leader of the official opposition in only one province, the whole of Canada was awaiting his constitutional proposals with exceptional interest, as the journalistic echo given them from coast to coast proves. It was a major event amid the suspense gripping the country since the Quebec election in 1976. The refusal to make the Quebec issue the main topic of this election, launched under entirely different pretexts, is understandable, although it is rather amusing to see Pierre Elliott Trudeau showing so much fine detachment, whereas at the May 1979 election he suspected of something akin to "betrayal" those Canadians who did not share his passion for that topic, at that time the favorite of the liberal party. But just the same, it would have been only fair for Canadians at least to know their leaders' positions regarding this proposal, which affects not only Quebec, but the whole of Canada as well, and which is quite likely to reappear on their tables during the mandate of the next federal government, unless it falls again during the next 6 months.

The reasons for the silence seem to be related to some extent to a basic reserve toward the sort of reorganization of the balance of power in Canada that Mr Ryan's constitutional team proposes. The prime minister, Mr Clark,

would probably have liked to greet the proposals with some enthusiasm, and his Quebec advisors, the day before the press conference at which he was to give his reactions were saying that he would do so, and that he would try to present himself as the leader most likely to negotiate effectively with Quebec. But the very uneasy reactions of the Canadian English-language press outside Quebec, especially in Toronto, were already inclining him to rein in his enthusiasm. Except for finding it "valid," Mr Clark refused to comment on the document and passed it on to Senator Arthur Tremblay, so that he could study it along with other documents, including the report from the Commission on Canadian Unity.

The liberal reaction was easier to see through. Mr Trudeau had exactly the same fate in store for the PLQ text as he had given the Pepin-Roberts Commission's report. In January 1979, he had fulsomely praised that document, but found a pretext in one particular recommendation, regarding the extent of the rights of linguistic minorities, to pack away in his deepest vault that document, which, even then, proposed a senate reform limiting federal powers, and actual equality between the federal government and the provincial governments. After that, he had retreated into silence while other liberal headliners undertook to demolish its overall approach. Today, he praises the style of the Ryan document, he likes its tone, he even "enjoyed reading it." But when it comes to commenting on the document's contents, its provincial slant regarding the distribution of authority, he recalls in a would-be enigmatic tone that "his views on it are common knowledge." There is no enigma; they are indeed well known, and provincialism is foreign to them, as Mr Chretien, his constitutional deputy, has more ponderously recalled.

Between the deliberately abridged reactions of the federal leaders, and the more nearly complete and franker, but very reserved, reactions of the English language press outside Quebec (except for MacLean's magazine, which foolishly gave its benediction to the document before becoming familiar with it), the only shared positive comments are as follows: this is a "valid" document, because it believes in the continuation of a federal, bilingual Canada, guaranteeing certain linguistic rights, and committed to equality among the citizens and regions of the country.

The considerable research done by the PLQ Constitutional Commission was not needed to find that out. What is important now is to find out if the augmentation...modified when all is said and done...of provincial authority now proposed by this report has any chance of convincing people. Now, even the provincial prime ministers, thought for some time to be hankering more for decentralization, are keeping silent, except the delighted prime minister of Newfoundland, which has never been the most federally-minded of provinces.

Should one disregard these signs of disagreement, and claim, with the PLQ spokesmen, that the people of Quebec should not pay any attention to them, that instead they should give a negotiating mandate to Claude Ryan, and hope that he will persuade English-speaking Canada to make a compromise, if not

with enthusiasm, at least with the resignation dictated by reason? They might also wonder whether, faced with two proposals that are unequally unacceptable, buy anyway unacceptable in general to English-speaking Canada, they ought not to choose the harsher one right from the start.

What is sure, seeing the artificial flowers being showered on it by Ottawa, is that next month the PLO Constitutional Commission should agree to the party congress' amending and strengthening the Quebec-oriented thrust of its plan. The compromises it saw fit to make as a matter of course have not been of much use to it. Mr Ryan does not care to have his document analyzed as a "negotiating position" in this way; he wants it to be an overall plan. But it is as a "basis for discussion" only, and nothing more, than his federalist partners, unanimously this time, have received it.

12149

CSO: 3100

## REACTION OF ENGLISH CANADA TO RYAN PLAN DISCUSSED

Montreal LA PRESSE in French 12 Jan 80 p A4

[Editorial by Marcel Adam: "The Ryan Plan and English Canada"]

[Text] Claude Ryan seems happy about the impact created in English Canada by the publication of his revived federalism plan.

If the reactions in the Anglo-Canadian press are a mixture of positive, reserved and puzzled, the politicians themselves have reacted more slowly, with sympathy and prudence.

In this prereferendum period, My Ryan needs only a sympathetic reaction from English Canada, even if it is tinged with a certain reserve, as a contrast with the unequivocal no which greeted the plan of the Parti Quebecois.

In any case, it is premature for English Canada to commit itself all the way to a plan which has not yet been endorsed by either the Liberal Party or the people of Quebec. It is only after these two stages that the proposed reform can be perceived as an expression of the will of Quebec. (If, of course, the sovereignty-association plan is rejected in the referendum.)

Even if these stages are passed through successfully, this will be insufficient to arouse English Canada to action, if the latter, despite the defeat of the yes in the referendum, does not detect a determination on the part of the Quebecers to have done with federalism if the reform fails.

Now, the Ryan document, as it is presented today, could, I fear, provide a pretext for English Canada not to go as far and as fast as we wish.

To dissuade the Quebecers from the sovereignty plan of the Parti Quebecois government, the document, in its foreword, after praising the Canadian experience from 1867 to today and showing that the assets considerably exceed the liabilities, affirms that the best chances for the future for Quebec lie in the Canadian federal tie. And it states that this framework offers Quebec two major trumps: the possibility of freely opening up, following

its own genius within the territory of Quebec, and also the chance of participating, at the same time, without renouncing its identity, in the advantages and challenges of a broader and richer society. The document gives many examples supporting this argument.

Even though the document generally stresses that Quebec has not had an easy struggle, that it has generally had to face many obstacles which have led it to call for a new constitutional order where rights and opportunities will be equal, that the very future of Canada depends on these changes, I fear that English Canada will find in it reasons for not precipitating anything and for testing further the patience and the real determination of the Quebecers.

For what Anglo-Canadians will note first of all in this document is that it seems to establish that the Canadian federal framework has been, still is and will remain the best way for the opening up of the Quebecers, should it retain its present form.

This last deduction, which is not explicit but implicit, perhaps does not reflect the authors' thinking. But the manner in which things are said in favor of Canadian federalism since its beginnings argues more in favor of the status quo, for a reader who fears change, than in favor of a radical, constitutional reform.

Let us reread carefully the chapter entitled "The Canadian Challenge Yesterday and Today." Let us then put ourselves in the place of those who do not understand Quebec, who believe, like Mr Ryan and many other federalists, that the present system has made Canada one of the most modern, prosperous and free countries in the world, that it has enabled Quebec to become a separate national society, "to endow itself with a life framework and an institutional network that are an increasingly complete expression of its separate culture," and let us ask if those who did not believe in the crisis yesterday will be alerted tomorrow by reading this.

The referendum has enclosed the two camps in a strange dilemma. In order to prove to the Quebecers that Quebec can become sovereign, the Parti Quebecois members have to maintain that it has reached a sufficient degree of development and maturity--which implies that federalism has not been an obstacle to the opening up of Quebec. To dissuade the Quebecers from the sovereignty adventure, the federalists have to show that it is the federal framework that has enabled Quebec to be what it is today and to face the future with confidence; but at the same time they run the risk of beguiling English Canada into thinking that the crisis is not as acute as is said.

If the yes is defeated in the referendum, Mr Ryan will have to tell much more bluntly than he does in his document certain truths to English Canada.

9434  
CSO: 3100

## QUEBEC EDUCATION MINISTER INTERVIEWED ON SOVEREIGNTY ISSUE

Paris LE MONDE in French 10 Jan 80 p 9

[Interview with Jacques-Yvan Morin, deputy prime minister of the Province of Quebec, minister of education, in Paris, no date given, by Dominique Dhombres]

[Text] The fall of Mr Clark's conservative government and the announcement of federal elections for next 18 February have somewhat upset the plans of Rene Levesque's Quebec government, which will be holding a referendum on the future of the province in May or June. Uncertainty prevails as to the interlocutor that Mr Levesque will have in Ottawa to negotiate "sovereignty-association" (political sovereignty of the province in conjunction with economic association with the rest of Canada) if the people of Quebec give him such a mandate.

Jacques-Yvan Morin, deputy prime minister of Quebec and minister of education, who has just been in Paris on a brief private visit, answered our questions on the mood of Quebec before these two consultations.

[Question] What are the direct consequences of the 18 February federal elections on the referendum in Quebec?

[Answer] The referendum is likely to be slightly delayed. The date is not set yet, but it can be expected that instead of taking place in mid-May, it will be at the beginning of June, and whatever happens, before Quebec's national day of celebration on 24 June. We expected to have another 6 months before us to prepare for the referendum. The federal elections are going to make us lose 6 precious weeks.

[Question] It has often been said that Mr Clark, an English-speaking conservative, was an "easier" adversary for you than Mr Trudeau, a French-speaking liberal, passionately devoted to the cause of Canadian unity. You do not seem to share that opinion.

[Answer] A victory by Mr Trudeau would probably be more likely to help the Quebec government's plans. As he usually does, Mr Trudeau would express some very positive ideas on the province's future and would also want to take part in the debate on the referendum, which would be beneficial in making clear what is at stake by showing the people of Quebec unequivocally what they ought to expect in the framework of the present federal regime. It would also have the advantage of showing up the dissensions among the liberals; for example, between Mr Trudeau and Claude Ryan, the head of the Quebec Liberal Party.

With Mr Clark, on the other hand, one does not know what to believe. Mr Clark has a policy consisting of effacing his tracks behind him. When you try to make contact with the adversary, you cannot do it. The fact that Mr Clark practised a policy of "nonaggression" with Quebec, and made some spectacular gestures along those lines did not prevent the federal government's trying on the quiet to encroach on provincial authority.

#### Government That Should Not Exist

[Question] Will the Quebec government take a position regarding the federal election on 18 February?

[Answer] I strongly doubt it. We shall more likely tend not to interfere and let Parti Quebecois members vote as they see fit. I imagine that a certain number of them will vote for the NPD [New Democratic Party], but others will choose, for all sorts of reasons, the conventional parties (Editor's note: liberal or conservative). Indeed it is being observed that the pequistes\* still do not yet know what attitude to adopt toward the federal government, because, for them, it is a government which should not exist.

How does one behave toward a government thought to have no authority in Quebec affairs? Should it be completely ignored? That is what some people maintain. Should one, on the other hand, vote in a way useful for Quebec's best interests? It may be thought that whatever government is elected in Ottawa, Quebec is the loser. It is not having to deal with conservatives or liberals that is a problem; it is the system itself that runs counter to Quebec's aspirations.

[Question] Can you recall for us what makes up the "sovereignty-association" formula that your government is proposing to the people of Quebec?

[Answer] Sovereignty is essentially sole authority to make our own laws, collect all our taxes, and establish our own relationships with foreign countries. In the fiscal domain, that would enable us to bring back home roughly \$15 billion a year, from which of course our contribution to joint

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\*Members of Rene Levesque's Parti Quebecois (PQ)

organizations would have to be deducted. At the same time, indeed, we want to maintain an economic and monetary association with Canada. We therefore agree in advance to limit the sovereignty we are seeking. In other words, Quebec would come under a system very familiar to you in Europe, which is maintenance of national sovereignty along with restrictions of a supranational nature, as is the case with the EEC.

#### Ambiguous Question

[Question] The question that the people of Quebec will be asked at the referendum is the following: "Do you grant the government of Quebec the authority to negotiate the proposed agreement between Quebec and Canada?" Is there not some hypocrisy in referring only to the negotiation in this new agreement, and having the essential term "sovereignty" appear only in the preamble accompanying the question itself?

[Answer] I do not think so. We feel that the question stands on its own, even though it includes three paragraphs presenting the Quebec party's thesis. The question cannot be isolated from the paragraphs preceding it, because it would no longer make sense, and no one would then understand what sort of agreement is in question. The agreement to which we refer relates of course to sovereignty and association.

Any Quebec person who can read, even English-speaking Quebec residents who are asked the question in English, can understand what is at stake. In addition, it must not be forgotten that preparation will last at least five months. First, when the parliament reconvenes in March, there will be 35 hours of debate in the National Assembly on the question itself, then a pre-referendum period, and finally the campaign itself in April and May.

[Question] In the Quebec government's White Paper issued a few weeks ago, the referendum is referred to, in the first few lines, as a "historical meeting," a "decisive moment," a "crossroads." Now, it is well known that even if the answer is positive, there will be a new referendum to ratify the results of the negotiations. Is not the new phase likely to make this spring's consultation lose its "historical" character, since the matter will not be entirely over with after all? Has not the Quebec government in fact postponed the crucial moment?

[Answer] It will be a historical moment. Everyone is aware that a "yes" or a "no" will have an effect on the future of the people of Quebec. If this consultation were not of such importance, you would not see the opposition so active as it is, you would not see the "no" partisans spending considerable sums on advertising. You just ought to see the streets of Montreal and the highways of Quebec at the moment.

I am convinced, personally, that we are moving in the direction of a "yes." The polls have been inconsistent lately, but the latest one shows 41 percent "yes" and 31 percent "no," with the rest undecided, though the campaign has not even started yet. If by chance it should be a "no," it would be merely a temporary postponement [as published]. An issue of such importance is not settled from one day to the next. In Quebec, the struggle has been going on for fully 50 years between the partisans of federalism and the partisans of a self-governing Quebec. Many people think things began with the peaceful revolution of the sixties, or the founding of the Parti Quebecois in 1968. In reality, all of that is the outcome of a much more deep-seated movement reaching us out of the depths of history.

#### Fear of Changes

[Question] The White Paper refers to the qualms that grip a people when the time comes to make a choice, and to "the fear of changes that makes people look for fresh inducements in the old horizonless pathway." Will not the social situation, which is bad in Quebec, and even the international situation carry some weight in that direction at the time of the referendum?

[Answer] The international events we are witnessing may make some of the Quebec people uneasy. Nevertheless, I think they will decide to vote "yes." To vote "no" would be to embark on a troubled period of several years before things settle down and come to a successful conclusion, because they will inevitably come to a successful conclusion.

[Question] Do you mean that in the event of the referendum's failing, extremist independence elements might be tempted, as a last resort, by a resumption of the sort of violent action that has died out since 1970?

[Answer] No one can make prophecies, but it must not be forgotten that the Parti Quebecois has made it possible to give hope to a whole section of the population that desires change, and the young people in particular.

[Question] What has changed most in the "sovereignty-association" plan of the Quebec government since it took office in 1976?

[Answer] Until the last few years, there were many people in the party who thought that Quebec should adopt a more neutral [as published] attitude toward the Atlantic alliance as well as toward the North American Air Defense Pact, NORAD\*. Events in Portugal in 1974-1975 showed that, despite its evolution at that time, that country has been able to stay in NATO. That has convinced several party members, who had very firm views on defense issues, that it was not against Quebec's interests to remain in the Atlantic alliance. The PQ decided, therefore, that we shall stay in NATO, and that we shall continue to participate in NORAD.

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\*NORAD (North American Air Defense) is an American-Canadian joint air defense organization. It was established shortly after the Second World War.

There has also been a clarification regarding currency. Some economists maintained that it was not absolutely necessary, nor advisable, to have the same currency as Canada, and that it would have been useful, on the contrary, for Quebec to have its own. Others affirmed that the disadvantages of a separate currency outweighed its advantages. It was this point of view that finally prevailed at the PQ congress last June.

[Question] What would happen after a "yes" victory in the referendum if Ottawa refused to negotiate with Quebec, or if Ottawa were to agree, but the other provinces are [as published] opposed to it?

[Answer] The provinces have an interest in taking part in the negotiations, whatever the intentions of the federal government may be. Of course, they would be under the auspices of Ottawa, but the interests of Ontario, for example, are so great that one cannot imagine its not being present.

The seaboard provinces, too, which are on the other side of Quebec from Ontario, have an obvious interest in maintaining the unrestricted movement of people and goods.

[Question] As minister of education, you presided over the implementation of the new legislation limiting admission to English-speaking schools strictly to children whose parents can show proof that they were educated in English themselves. This point has provoked many protests, there has been talk of clandestine English-speaking schools, etc. What is the present situation?

[Answer] There are no clandestine English-speaking schools. There are merely students present in some English-speaking schools that have no right to admit them. Children of new immigrants, arriving for example from Italy or Greece, have no option. They must go to French-speaking schools. Some English-speaking catholic teachers have refused to comply with these regulations (the English-speaking protestants have now complied with them). It is difficult to get figures without placing police in the schools, which I have always refused to do. We think that at present there must be 800 or 900 students in illegal situations. This is a marginal phenomenon and it is declining.

12149

CSO: 3100

## TALK IN TFSC HINTS AT MARAS SETTLEMENT

Istanbul MILLIYET in Turkish 24 Nov 79 p 11

[Text] As reactions to the Cyprus resolution of the United Nations General Assembly continue in the TFSC, Prime Minister Mustafa Cagatay of the Turkish Administration announced that certain measures were to be taken following the return of the Foreign Minister Kenan Atakol to Cyprus and the consequent evaluation of the situation.

In his announcement concerning these measures, Prime Minister Cagatay pointed out that Maras was to be taken up as a separate issue. Circles close to the Office of the Prime Minister, in expressing their opinions with regard to the issue, indicated that those areas of Maras presently under military control would be available for settlement and that all the hotels, restaurants, and the entertainment spots along the shore would be opened to the public.

The aforesaid circles also mentioned that although the desire to put this decision into effect at an earlier date had existed, it was overruled by the decision to wait for the evaluation of the resolution reached by the United Nations General Assembly. They further stated that efforts to bring all of Maras under TFSC control and to save the city from its death-like appearance have been accelerated.

One of the deputies who spoke before the TFSC Assembly, Tansel Fikri, stated that great obligations are incumbent upon the Assembly, as well, in undertaking a commitment to resolve the Maras question.

Representative Tansel Fikri pointed out that Beirut lost much of her former importance following the wars she suffered and further maintained that leaving the city of Maras exposed to the wear and tear of nature would amount to making concessions in the socio-economic and political fields on part of the Turkish side.

12,019  
CSO: 4907

## 'AYDINLIK' WARNS AGAINST TFSC MOVE FOR INDEPENDENCE

Istanbul AYDINLIK in Turkish 28 Nov 79 p 1, 7

[Editorial by Oral Calislar: "Watch out for Cyprus!"]

[Text] Watch out for Cyprus. Certain new schemes are in the works here. It appears that following the United Nations resolution against us, Denktas and his group are intent on taking some new steps. A few days ago, a colored picture of the proposed flag of the independent Turkish Cypriot State was printed in some major newspapers in our country.

The 17-star flag appears to be an indication of preparations paving the way for the founding of "The Last Independent Turkish State." Two days after the appearance of the flag in the press, new rumors began circulating in the Turkish Cypriot section. Apparently, rumors to the effect that the Greeks had attacked the Turkish section and claimed the lives of two soldiers, were intentionally fabricated by certain parties. The research by our reporter disclosed no such incident. Following the emergence of these rumors a statement was made by the Prime Minister of the Turkish Cypriot Administration, Cagatay. His pronouncement reveals that the Turkish side is preparing to establish an independent state.

Provocations among two nationalities in Cyprus, and then attempts to establish an independent state. These are Denktas's new maneuvers. How is this move of Denktas, who well knows that he is going to set off an angry reaction the world over, to be explained? Two possibilities come to mind. First, obtaining further concessions by threatening the world. And second, forcing the newly-formed Demirel government into an attempt to found an independent state. Knowing well that Erbakan has from the very beginning favored the establishment of an independent state, Denktas is threatening the minority government with the NSP [National Salvation Party] factor.

We do not know the extent of Demirel's involvement in the recent developments. However, it is only too obvious that the new steps taken with respect to the Cyprus issue are not going to do our country any good. Practically the whole world wants Turkey to discontinue her interventionist policy in Cyprus and is making an effort to resolve the issue by peaceful means. To come up with the claim of establishing an independent state, when such attempts are

underway, would isolate Turkey from all her allies. Relations with our neighbors and friends would be greatly afflicted by this move.

Attempts that would alienate many a nation may lead to isolation in our relations. Injustice and isolation will bring along provocations that will exacerbate the enmity with both Greece and the Greek Cypriots. And this spells disaster for the political and economic relations of Turkey.

Being isolated and in the wrong will compel us to join the ranks of the bullies. When one resorts to injustice, one is forced to lean on the greatest brute. And such a brute has laid an ambush. A development that would greatly rejoice Brezhnev, who is lying in wait for a Turkish-Greek enmity, would be the establishment of an "independent" Turkish Cypriot State.

The Demirel government has to make public its policy regarding the issue, as soon as possible. Demirel, who formed a government with the assertion that he would resolve Turkey's problems, cannot do anything, before he finds a solution to the Cyprus question. Dirty politics in Cyprus will lead the JP [Justice Party] government to a dead end on all avenues.

We are calling attention to the new schemes in Cyprus. Let us be on the alert so that no new plights befall us.

12,019  
CSO: 4907

## FORMATION OF NEW TFSC PARTY PLANNED

Istanbul. MILLI GAZETE in Turkish 28 Nov 79 p 6

[Text] Work is underway in the TFSC for the formation of a new political party by the name of the Turkish Party of Resistance [TPR].

With the establishment of the new party, the number of political parties in the TFSC will go up to 7.

The founding charter of the party, which is to assume a "right-wing" outlook, is composed of 7 articles.

The charter states that the solution to the Cyprus problem lies in the "declaration of the Independent Turkish Cypriot State." The following viewpoints are included in the charter with respect to a resolution:

"First and foremost, we favor the taking of all kinds of preliminary steps necessary for peace. However, we shall never stand for a final resolution that conflicts with the interests of the Turkish Cypriot society. We are for a lasting solution that will protect the interests of the Turkish society. We believe that this is possible either through the establishment of a Cypriot Republic composed of two parts with equal representation--and this is possible through the guarantorship of Turkey that would protect our rights--or through the establishment of an independent Turkish Cypriot State."

In the section defining the objectives of the party it is stated that the Turkish Cypriot society cannot attain development through either capitalism, or communism, or liberalism. It is further declared:

"The only prospect that is to lead the Turkish society toward progress is a nationalist one which conforms to the Turkish character, takes the reality of a Moslem Turkish people into account, and which accepts the guidance of modern science and technology."

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CSO: 4907

## STUDY REFLECTS TFSC BUSINESSMEN'S VIEWS ON ECONOMY

Istanbul MILLIYET in Turkish 28 Nov 79 p 11

[Text] It has been stated that the TFSC economy was dragged into an etatist system in 1979.

According to a study conducted among TFSC businessmen, which was undertaken with the objective of establishing under what kind of economic conditions the TFSC would start off in 1980 and which was published by the Istanbul Chamber of Commerce, "the TFSC was caught up in itself and dragged into an etatist economic system in 1979." Stating that "the economy had begun to improve after 1975 but the structure of the liberal economic system began to suffer as of 1978 due to the practices and decisions conflicting with the following as summarized:

\*The following have been instrumental in the disturbance of the economic balance: the ban on the import of 104 major products and the increase of the customs and production taxes in violation of the Cyprus-European Economic Community agreement, the faulty application of the multiple exchange rate system that resulted in eliminating the possibility of utilizing the savings of the Cypriot citizens abroad.

\*The difference between the respective economic growths of Northern and Southern Cyprus is growing at an increasing rate, and the indecisiveness and insecurity are dragging all the sectors into a stasis.

The study revealed that "the TFSC businessmen pointed out to the necessity of establishing a model where the principles of a free market economy were to be dominant, to that of eliminating restrictions governing trade with Turkey and other countries and of granting permission for investments. The businessmen have made the following recommendations:

The administrative mechanism should be regulated in such a fashion as to lend the economy direction and security, and these regulations should be passed by the houses and become laws,

Monopolization in export and import dealings with foreign countries should be avoided,

Private airline companies should be established,

Agreements made with the EEC regarding reciprocal customs barriers and the flow of products should not be contradicted,

And in 1980 at least 800 beds should be put in service in Maras.

12,019

CSO: 4907

**NEW 'COMMON COURSE' MARXIST PARTY BACKS USSR AFGHAN MOVE**

Copenhagen ARBEJDERAVISEN in Danish 9-15 Jan 80 p 2

[Text] The Common Course Club, formally founded at a general meeting on 3 January, supports the Soviet military occupation of Afghanistan.

This was decided at the first regular meeting by the leaders of the club which took place Monday, 7 January. One of the members of the regular leadership group, HT [expansion unknown] driver Erik Jorgensen, who also belongs to the organization KAm-1 [Communist Workers (Marxist-Leninist)] does not agree on supporting the Soviet occupation but he had left the leaders' meeting before they had reached a point on the agenda where the situation in Afghanistan could be discussed.

The Common Course statement supporting the Soviet attack is signed by three of the four members of the regular leadership, namely Jorgen Tved, Preben Moller Hansen and Jannich Kofoed. When ARBEJDERAVISEN went to press the statement had not been typed out for release to the press, according to Common Course chairman Jorgen Tved but he said the general content of the resolution was support for the Afghan Revolutionary Council and an expression of confidence that the council had the situation under control and that the help it had asked for and received from the Soviet Union had been given on the council's terms.

At the same time Tved said he "had a feeling" that Erik Jorgensen would not have supported the statement.

Hansen: Complete Support

Before the meeting Preben Moller Hansen said to ARBEJDERAVISEN: "I totally support the Soviet Red Army in the action it has taken. You'd have to be crazy to back Carter, the NATO general secretary and the feudal lords in Afghanistan against the workers' state that is being built up in that country.

"The United States is making use of the situation to improve its relations with the Moslem world and as a way to get out of the problems in

Iran. The only thing I don't really like is what happened to former President Amin who was killed. But you have to be careful in this case, so I won't take a stand until we know more," Preben Moller Hansen said.

#### No Comment

HT driver Erik Jorgensen of the regular leadership group would not comment on Afghanistan to ARBEJDERAVISEN prior to the meeting. Common Course is primarily a club dealing with union issues in Denmark, he said, adding that whether he said he agreed with the other Common Course leaders or with his organization, KAm-1 he felt ARBEJDERAVISEN would misuse his remarks. But it is known that Erik Jorgensen agrees with the condemnation of the Soviet occupation by his organization, KAm-1. But apparently agreement with Preben Moller Hansen counts for more than his opposition to an encroachment by a superpower which brings the threat of a world war one step closer.

#### Negotiation--Mediation--Action

In its by-laws and program, which will be printed soon, the Common Course Club maps out a broad unification line in the union struggle across party lines. It wants the Labor Court abolished and the union system "democratized." "The main goal is the introduction of the concept of negotiation--mediation--action," the club says. A similar goal is formulated in the Danish CP's union program. Common Course wants the right to strike freely introduced for the entire labor market and feels the main task of the union movement is to give moral and economic support to every conflict started by its members.

#### Support Socialist World

In the national policy section the club opposes EEC and NATO and says it will work actively for a neutral Scandinavia free of nuclear weapons. The club will "support all initiatives arising in the socialist world and those of other progressive forces aimed at advancing peace" and it will "support Third World liberation movements."

6578  
CSO: 3106

## AFGHANISTAN INVASION AROUSES CONCERN OVER EAST BLOC THREAT

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jan 80 p 9

[Article by Mogens Auning]

[Text] In connection with the Russian invasion of Afghanistan various political groups--including the Radical Liberal Party--have asked the government to provide orientation on the military threat to Denmark.

A military evaluation of the threat already exists in the planning report by the defense high command concerning a defense system after 1 April 1981, a report issued by the Defense Ministry. The defense leadership evaluated the threat not in terms of the likelihood of an attack but simply in terms of the likely development and possibilities of the military threat.

#### Vital Strategic Area

The evaluation states that in the 1980's the Warsaw Pact bloc--due to the current modernization of its military forces--can be expected to improve its ability to make a general attack without warning on NATO's central regions and a simultaneous attack on our flanks. The Slesvig-Holstein and Danish areas are regarded by the Soviet Union as very important for military strategy in the NATO northern and central regions as well as in the North Sea and the North Atlantic.

The report says that in the 1970's the Warsaw Pact countries improved their military opportunities in all areas and great emphasis is still placed on having a military force that makes it possible to launch offensive operations with limited military preparation. The east bloc forces exceed what is needed for defensive purposes--also in the Baltic area--and developments have shown that increasing importance is given to offensive capabilities.

### Attack Possible on Short Notice

The ability of these forces to fight under all weather conditions has improved steadily throughout the decade and the same thing is true of the electronic warfare capability of the Warsaw Pact lands.

With regard to the possibilities of aggression against Denmark in the 1980's the Danish high command said that we can expect these to be marked by substantial forces with modern equipment and a high degree of flexibility in planning and executing operations.

The defense command estimated that a major attack on Danish territory would occur via Slesvig-Holstein and Jutland in combination with land and sea operations against one or more of the Danish islands.

Danish defense planning is based on assistance from our NATO allies and to get it we must have some warning of an imminent attack.

In evaluating the threat picture the defense command said that preparations for a broad assault on NATO would require a long time which would provide plenty of warning. Preparations for a limited attack--such as one on Denmark--would provide less warning.

The defense command was unable to determine exactly how much warning we could expect.

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CSO: 3106

## DEFENSE EXPERT HAAGERUP CRITICIZES SOCIALISTS' SECURITY POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 10 Jan 80 Part II p 4

[Article by Niels Jorgen Haagerup]

[Text] Niels Jorgen Haagerup is a Liberal member of the European Parliament and the founder of the Security Policy Study Group. Until August 1979 he was an editorial writer on foreign policy for BERLINGSKE TIDENDE.

Against the background of the Social Democratic position on the missile question Haagerup asks if a new generation is exerting its influence on Danish security policy.

In the final months of 1979 we had a sudden though brief debate on security policy in this country. This is rare. The debate was touched off by the plans that have been discussed by NATO for 2 years, involving the placing of 572 medium-range missiles--known as Eurostrategic arms--in Western Europe to partially offset the planes and missiles (SS-20's) the Russians have set up in recent years and aimed at targets in Western Europe.

The debate was reminiscent of the emotional discussion that took place in 1977-78 concerning the so-called neutron bomb. It differed from the neutron bomb debate in that the plans for medium-range weapons had been in the works for some time and had been publicly discussed in several other countries, although they received little attention in Denmark. There were two reasons for the lack of debate in Denmark. For one thing it was clear in advance that Denmark would refuse to accept these missiles here since they will be equipped with atomic warheads after they are placed on location during 1983, according to plan. For another the broad agreement on security policy in Denmark seldom leads to any big debate.

This time it was different. Certain circles launched a propaganda campaign--not just in Denmark--against the new missiles. It should be

noted that it is perfectly proper to consider and debate whether there is a military need for these weapons and whether NATO could not be satisfied with the American (and British) planes and missiles that could be used to strike targets in the Soviet Union from outside the European continent and thus reinforce the western war deterrent strategy.

The problem with the Danish debate is that it suddenly started up last fall at a time when accepting the plan had become a question of the credibility and effectiveness of the western alliance. This plan had been considered and analyzed over such a long period of time that a rejection or more precisely a lack of unity on it at the last minute could have meant a serious weakening of NATO.

It would be even more serious if the balance of forces--regardless of whether the western missiles are put in place or not--shifts in favor of the Warsaw Pact nations in the next few years. This is not necessarily an indication of an increased threat of war in our part of the world. But such a shift could create serious political complications and encourage the Soviet Union to pursue a riskier policy than it has done in the past, using or threatening to use its military power. Events in Afghanistan in the last few weeks bear witness that this concern is not unfounded.

The weakening of the western alliance that would result from a delayed decision on the missiles was no hindrance to some of those who conducted the anti-missile propaganda, of course. On the contrary it was just an added incentive for those whose goal is to weaken the alliance and Denmark's participation in it.

The agitation was not without effect. While the SV [Social Democratic-Liberal] coalition government was unswerving in its position during the NATO discussions of 1978-79 the situation changed with the change in government and the parliamentary election last October. The composition of the new Social Democratic parliamentary group meant a shift to the left and while the new foreign minister, Kjeld Olesen, and the defense minister, Poul Sogaard, were inclined to hold a low profile on the matter, maintaining an unchanged Danish nuclear arms policy and not opposing the missile decision in December, Prime Minister Anker Jorgensen was clearly influenced by the agitation against the missile plans.

Under the influence of the mood prevailing in the left wing of the party--which wanted a direct Danish rejection of the missile plan--he went in for the hopeless idea from a foreign policy point of view of asking that the decision be delayed for 6 months. It was hopeless because it had already been decided a whole year in advance that the decision would be made at the meeting in December 1979. It was also hopeless because the 6-month "respite" the Danish Social Democrats wanted to give the Soviet Union in which it could demonstrate convincingly that it

is willing to negotiate was much shorter than the time planned between the missile decision and the installation of the missiles more than 3 years later. It had been clear from the beginning of 1979 that the missile decision would be accompanied by broad negotiation offers to the Soviet Union on the limitation of weapons in Europe, including the controversial medium-range weapons on both sides.

We will not go into the entire course of events again in this report. Things went as one could have predicted they would. The Social Democratic proposal did not receive support from anyone in NATO although for domestic policy reasons Belgium reserved the right to re-examine the missile decision in 6 months and Holland delayed a decision on placing the projected 48 cruise missiles on Dutch soil until 1981.

But these two nations are in an entirely different situation from that of Denmark since they already have nuclear weapons on their territory and the strong Dutch misgivings--which were not co-ordinated with those in Denmark--are due to mounting resistance in Holland to having such weapons located there.

In the end Denmark emerged in much better shape from its one-rounders than one might have feared. The alliance focused more attention on Holland and Belgium because those countries had been slated to receive the new missiles (along with West Germany, Italy and Great Britain).

During the final discussions of the Danish demand to have its reservation included in the communique Denmark was able to show some flexibility, ironically because of a similar Dutch demand, and this led to a passage on "the existence of other proposals" and "the viewpoints of other members" without mentioning any specific country, paving the way for a unanimous resolution--as predicted, planned for and agreed upon.

Maybe multiplying a minus times a minus did not result in a plus but the two minuses came close to canceling each other out. An appreciative remark was heard concerning the Danish position in the final round. "We landed on our feet," one Danish official said with relief. But before that there had been harsh words which did not help Denmark's position in the alliance on the eve of the important consultations on the future Danish defense system. And there was bitterness, especially in Norway, over Denmark's defection.

The matter raises the question of whether 30 years of Danish security policy are now coming to an end. The interpellation debate in parliament showed that the Social Democrats and the other parties standing behind the security policy do not want any permanent break in the broad unanimity of the past. But is that possible in view of the fact that the Social Democrats jumped the gun on this issue? At the start of 1980 the varnish of detente is wearing thin.

In this particular instance Prime Minister Anker Jorgensen's central role and responsibility for the separate Social Democratic position can not be ignored. Therefore placing the blame on the new young Social Democratic members of parliament who would be more at home in SF [Socialist People's Party] or VS [Leftist Socialist Party] would be misleading.

Even so there is good reason to note that actual political power is about to be taken over by a new generation of politicians with no personal ties to or recollection of World War II. The decision to enter into the Atlantic Treaty was made in 1949 in remembrance of the occupation of Denmark only 9 years before, an occupation that ended only 4 years before Denmark joined NATO. Up to now the wartime generation has held political power. But soon that will no longer be the case--except in the Soviet Union and Eastern Europe where the average age of leaders is in the late 60's or even older.

When Erik Ninn-Hansen, defense minister in the VKR [Conservative-Liberal-Radical Liberal] government, was awakened on the night of 21 August 1968 with the news that the Russians had gone into Czechoslovakia he thought immediately of what he had experienced as an 18-year-old when German war planes had appeared over Denmark on 9 April. That date, 9 April, stood as one where many people had fallen short, Ninn-Hansen wrote in his memoirs, "Seven Years for VKR." The immediate Danish emergency measures, though modest in extent, indicated wariness--and reflected the lesson that had been learned on 9 April.

In a few years a Danish defense minister won't be able to remember what happened in 1940. Even now many members of parliament are of an age that makes it impossible for them to remember anything about 9 April or even about the occupation. The importance of this should not be underestimated.

But on the other hand the generation gap should not be overdramatized. There are younger politicians--including Social Democrats--with a clear understanding of the importance of western defense cooperation and of Denmark's place in it. Enlistment in the National Guard has not declined the further we get in time from World War II, on the contrary, it has increased--although there are several reasons for this, one of them being the relatively small number of young men who now perform their military service.

However it is not enough to dismiss this generation of younger politicians with other viewpoints as naive or ignorant. Perhaps some of them are--no names, please--but there is no way around a renewal of the security policy debate.

I will not attempt to provide definitive guidelines for such a debate and personally I have some sympathy for people in different age groups

than my own who want to question decisions from the past. As long as they are not firmly committed in advance to an alternative solution to our external security problems that excludes mutual defense a useful and preferably critical debate on the background and substance of Danish security policy could--and should--take place. But it is hard to hold a fruitful debate with those who are committed ahead of time to an ideological standpoint and who advocate, for example, unilateral Danish disarmament as the only course for Danish security, one that might inspire other nations to follow our lead.

As far back as the Seidenfaden report of 1970 it was established that military considerations must play a central role in selecting a security policy solution as long as this element is involved in the security policies of all other nations.

The dangerous and tragic element in the situation is that the Soviet Union allows military considerations to play such a central role in its foreign policy. The leaders are supported by a system of political compulsion which in the final analysis is maintained by military power--a circumstance undoubtedly tied to the fact that the Soviet experiment has failed in almost every other respect.

The Soviet Union is indisputably a military superpower--but in many other respects the country still lags far behind the industrialized western world. The people are not allowed any political freedom and their personal freedom is also very restricted--and the promised goal of "catching up" with the west has not materialized. The combination of this rigid, ineffective and constrained political system with an enormous military force is dangerous.

But this does not settle the question of what the most appropriate western response to this should be. It is obvious that maintaining the necessary balance of forces is only part of the answer to this challenge which is scarcely ideological today--the communist ideology has gone bankrupt too many times for that, dividing its Marxist supporters--but on the other hand military balance is still unavoidable as part of the western response.

Do we have enough material for such a security policy debate?

No one would deny the benefit of more information and further studies. But I suspect that some of these requests are due to dissatisfaction with the material already in existence and a desire to get material that would justify a break with past Danish security policies.

There is plenty of material internationally. A great deal is available from the International Institute for Strategic Studies in London and from SIPRI, the Swedish International Peace Research Institute, in Stockholm and I doubt that all the critics of Danish security policy have made themselves familiar with it.

Here at home the Security Policy Study Group is one body--not the only one--that has been working on these problems for years, issuing a number of publications that did not enrich their authors. In the book, "Denmark and NATO," material was presented which anticipated the Seiden-faden report, a work that is still worth reading. In "Denmark Between the Superpowers" security policy problems were again analyzed on the basis of Danish conditions. The group's latest publication, "The Baltic Sea," published in 1979, deals thoroughly not only with security policy but also with geographic, economic and international law issues in relation to the Baltic.

Thus the material is available. Of course it can be supplemented and expanded. But lack of material is not the reason for the somewhat sporadic and superficial security policy debate in this country. Under the circumstances there is no excuse for locking oneself into a rigid position--whether it is a new one or an old one.

6578  
CSO: 3106

**SIMONSEN, FOLKETING DEFENSE COMMITTEE CHAIRMAN, ATTACKS CUT MOVES**

Copenhagen BERLINGSKE TIDENDE in Danish 13 Jan 80 p 12

[Article by Palle Simonsen]

[Text] Palle Simonsen is a representative in Folke-  
ting (Conservative) and the chairman of the Folketing  
Defense Committee.

Denmark is the only country in the alliance that has  
not lived up to the decision to increase defense ap-  
propriations by 3 percent a year.

In the near future the defense minister will present a bill to Folke-  
ting concerning defense arrangements after 1981.

It is not yet known how the bill will look. However back in November  
the parliamentary Defense Committee and the public received the material  
on which cabinet deliberations have been based in the form of an "intro-  
duction to the Defense Act of 1 April 1981." This shows the direction  
of their thinking.

Thorough analyses were made in advance of the deficiencies that exist at  
the present time in relation to the objectives of the current Defense  
Act along with projected estimates of what the present arrangement would  
cost through the 1980's.

Unfortunately it is obvious that there are clear deficiencies in our  
defense since, as usual, not enough funds were provided to make it pos-  
sible to live up to the objectives. For example there is a manpower  
shortage of 2200 people. Using these calculations proposals have been  
worked out for alternative models within the same budget framework and  
with 1.5 and 3 percent annual increases respectively in fixed prices.  
These models and their consequences will now be included in the debate  
and they have already received some comment in the public discussion.

Of course it is no accident that one of the budget models projected concerned a 3 percent annual increase.

At a NATO government leaders' meeting in Washington in 1977 Denmark helped to pass a resolution calling for members of the alliance to increase their defense budgets by 3 percent a year in fixed prices over a 4-5 year period. The resolution was based on the international situation. Denmark did ask for a delay until 1981 because--as the Danish government put it--the budget could not be changed in the 1977-81 Defense Act period unless all five parties agreed to do so. NATO understood this very well. So did the other four parties behind the Defense Act, but only until the same ruling party in opposition to the other parties involved found it reasonable to cut defense spending by 100 million kroner in 1980, a decision made a few months ago. This made the first position illogical.

When the defense budget is set for a new period in the months ahead there will be no way around a positive stand on a 3-percent increase. But it will come as no surprise if we now go through a debate about how extensive the reservations of the prime minister were at the NATO government leaders' meeting referred to. Now, more than 2 years later, that is of academic interest. Most of the NATO countries have lived up to the resolution in the meantime and now NATO and the individual member lands are quite justified in expecting Denmark to follow suit. Thus it would be a serious matter if the government fails to ask for such an increase when it presents its bill to Folketing.

This would place Denmark in a very unflattering light in relation to our allies, reinforced by the fact that only a month ago the government had to inform NATO that at the last minute it wanted the decision on modernization of tactical nuclear weapons postponed for half a year and that it also intended to reduce the 1980 defense appropriation by the 100 million kroner I mentioned above.

This would not just involve our credibility but also our worthiness in relation to the partners of a small nation in the alliance that for more than 30 years has contributed to maintaining peace in the western world. It is worth stressing that the NATO resolution on a 3-percent increase was based on the defense build-up engaged in by the Warsaw Pact lands in recent years. What is needed is a real increase in the standard of defense.

The estimates that have been made public show that not even a 3-percent annual increase would maintain defense at the current level. Thus even if we lived up to the NATO resolution it would mean an erosion of our present defense. This indicates to some extent how serious this is. The published report material says openly that an unchanged budget would result in a defense structure with so many weaknesses that both the

deterrant effect and the tactical possibilities for solving the primary task would be jeopardized.

The conclusion concerning the 3-percent budget increase is that it would enable the military both qualitatively and quantitatively to have a reasonable chance of carrying out the major tasks set for it. Essential parts of the long-range NATO defense program could be implemented even though a number of improvements would still be omitted.

Perhaps the personnel cuts required under various economic conditions would give a clearer picture of the situation. Zero growth would result in a 12-13 percent reduction in the peacetime force while a 3-percent increase in the budget would call for a reduction of 8-9 percent.

This would strike hard at the army forces on Sjaelland, a vital cornerstone in our defense.

The situation is definitely not encouraging, especially when one takes the country's economic problems into consideration.

What people are primarily operating with in the discussion of general spending cuts is a halt to the growth of public spending. The military has been living with zero growth for the last 7 years following direct reductions before that. What is the justification for cutting manpower by 12-13 percent? Are the armed forces supposed to be the only sector not to receive even partial compensation after numerous rationalization measures for reduced working hours, the working environment legislation and much more?

The only acceptable solution is a budget increase of at least 3 percent. Ultimately the purpose is to defend democracy and everything else we have created in this society. An essential condition for this is an adequate Danish contribution to the NATO alliance where our contributions over 30 years have averaged considerably less than those of most countries. And of course our national contribution is also a prerequisite for getting the reinforcements from outside in which we are so interested. What we have witnessed recently in another part of the world is a clear warning that we cannot allow ourselves to cut back on the defenders of our democracy, the system we have built up over a period of years in trusting and friendly cooperation with the other members of the alliance. As has happened so often before we are about to discover a discrepancy between defense goals and defense funding, leading to a reduction of the goals. It is to be hoped that the government realizes that it won't work this time.

6578  
CSO: 3106

**MILITARY OFFICERS EXPRESS UNHAPPINESS OVER WAGE PACT**

Copenhagen BERLINGSKE TIDENDE in Danish 14 Jan 80 p 3

[Article by Bo Draebel]

[Text] "I would like to save money but I don't want to get behind in pay and stand in the supermarket looking over the specials when other people are heading the other way."

It isn't just policemen who are upset about the erosion of their pay. Naval officers of the B line feel the same way. "State employees have to hold back every time cuts have to be made," said Lieutenant Georg Petersen. "My pay gets smaller for every day that goes by."

A while ago Georg Petersen went to talk to the defense minister about it. "He couldn't promise me anything." It will probably end with Georg Petersen accepting a civilian job like many of his colleagues, a trend that has marked recent years according to the latest issue of MARINE-TIDENDE.

Georg Petersen has been in the navy for 20 years, 15 of them as an officer. He became a B line officer in 1972-73 and his base pay is now 8230 kroner. There is a military supplement of just under 1000 kroner "that has to cover everything and we don't work a 40-hour week in the navy" and another supplement of 785 kroner "while I'm at sea." He is a navigator/mate and there are not many of them in the navy. "When I finished officers' school I started at wage step 9.1. Reserve officers the navy calls in from town to do the same work advance twice as fast as B line officers and they start at wage step 17.1 because the Mates' Union requires it. It takes 8 years as an officer before I get up to that wage scale. Don't take this as an attack on reserve officers. I don't begrudge them a single krone. But the navy is letting down its own people and that is why there is so much dissatisfaction among younger B line officers.

"I like my work, that's why it bothers me that the navy is losing well-trained people with great experience in administration and planning,"

said Georg Petersen. "It would surprise me if we didn't see actions of one kind or another as a result in the erosion of our pay. It's in the air. I have done everything I could to get an education over the last 20 years. I've taken all the courses I could. Among other things I'm a physical education teacher and could get a civilian job as a sports instructor starting at step 13 on the pay scale. The navy has rewarded my efforts with wages I don't feel I can live on now that I'm out at sea and can't hold down a second job on shore."

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CSO: 3106

**MILITARY SERVICE ORGANIZATION URGES TECHNOLOGY TRANSFER**

Copenhagen BERLINGSKE TIDENDE in Danish 9 Jan 80 p 5

[Text] It would substantially improve the Danish economy if the great expertise of the armed forces in the field of technology could be used in production and this purpose would benefit greatly if the upcoming defense budget is increased.

This was the argument of the Central Association of Military Service Personnel in a statement entitled "Danish Security Policy--An Attempt to Reconsider the Problem" issued by the association in the period prior to the upcoming defense talks.

The chairman of the Central Association of Military Service Personnel, which includes all contract employees among sergeants and enlisted privates in the military services, Jorn Kristensen said in a foreword to the statement that within a short time an increased defense budget would probably increase Danish prosperity.

The association's statement reviews a number of security policy aspects, especially the relations between West Germany and Denmark and the growing importance of Denmark in West German defense.

In that context the association points out that the increase in military technology could lead to the exclusion of all except superpowers and that would not only weaken the Danish-West German defense cooperation it would also hurt small countries like Denmark economically.

The association points out that within the Danish armed forces there is considerable expertise in the sector of technology, including such areas as electronics and shipbuilding. In connection with the compensation agreements pertaining to the purchase of the F-16 plane and the Leopard tank, among others, we have gained great insight here at home into the production of components for these weapons systems along with many other types.

In its article the association supports cooperation with West Germany in particular but also with NATO which has placed some product development of military equipment in the hands of Danish industry. This can utilize the expertise defense technicians have acquired through the years.

The article says that many of the things we take for granted today were originally developed for security or defense purposes. These things include minicomputers, Arctic equipment and jet planes.

The association believes that Danish firms could act as subcontractors of many types of defense technology for other countries within the alliance. But one condition would be the lifting of the ban on the export of Danish weapons.

Distribution of development and production among the various countries might be the key to a definite strengthening of NATO, according to the statement from the Central Association of Military Service Personnel.

The association feels that if this kind of basis is created here it would not be unrealistic to expect that West Germany and the United States would be interested in purchasing our products.

The article says with regard to youthful unemployment that the Danish armed forces are oriented toward training. It should therefore be possible to absorb many young unemployed people of both sexes in the military system, providing them with technological and job training. This would prevent the loss of qualified labor.

The article admits that it will cost money to make use of the defense expertise in the business world and in the area of job training. But, it says, defense is an activity, part of society and the investments in the form of higher defense budgets that are required for the advancement of production could lead in the long run to a substantial increase in prosperity.

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CSO: 3106

**F-16 PARTS ORDERS GO TO DANISH FIRM**

Copenhagen INFORMATION in Danish 11 Jan 80 p 9

[Text] A big new military order is on the way to a Danish industrial firm.

The firm, Per Udsen Aircraft Industry, is sending a bid today to the American armed forces on production of equipment for the American F-16 fighter bomber. The order totals 150 million kroner and if the offer is accepted it will mean 60 new jobs that will run at least until 1986, director Poul Poulsen told INFORMATION.

The Danish firm was offered the order by General Dynamics, the American airplane concern responsible for the production of the F-16 planes. Today Per Udsen employs 110 workers in similar F-16 production, the result of a compensation agreement in connection with the purchase of the F-16 by four small NATO countries. The firm produces tail fins and fuel tank brackets.

With the new order the firm will have received orders totaling about 230 million kroner at 1975 rates, the basis for Danish industrial compensation. Talks concerning the order will start on 21 January.

Director Poulsen added that the firm has good chances of receiving new orders from the United States even after 1985. The bid today involved the Danish firm producing fuel tank brackets on its own. Until now this has been a question of Danish-American cooperation. A week ago the Christian Rovsing company agreed to a 150 million kroner order from NATO for the delivery of secure telecommunications equipment for military use.

On Monday and Tuesday Per Udsen Aircraft Industry will participate in a seminar in Washington along with 10 other Danish firms. This is a step in an American campaign to teach Danish companies how to sell their products in the United States. The American government feels that if

Danish firms acquire more information and learn better sales techniques they could help correct the trade balance between the United States and Denmark.

"I am sure that if Danish firms put more effort into it many more orders would come to us from the United States," Poul Poulsen said.

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CSO: 3106

## DUC CONSORTIUM RESUMES MAINLAND OIL, GAS HUNT AFTER 4 YEARS

Copenhagen BERLINGSKE TIDENDE in Danish 10 Jan 80 p 3

[Article by Peter Kjelstrup]

[Text] With two drilling operations in South Jutland the Danish Underground Consortium (DUC) will resume its search for oil and gas on the mainland after a 4-year pause. At the end of March a German drilling rig will arrive to look for natural gas in Tonder and do regular exploratory drilling for both gas and oil 1.5 km south of Logumkloster.

A. P. Moller's information director Lars Dyrskjot would not confirm for us that the drilling at Tonder would be for natural gas alone but he did say that drilling would go to a depth of 1700 meters at the same spot where Gulf drilled to 3200 meters in 1951 without finding anything, although there was little interest in natural gas at that time.

If natural gas is found there the drill hole will be so close to the pipeline that will be carrying gas from the Ruhr area to Denmark by 1981 that a connection could be made almost immediately. The distance between the drill hole and the pipeline is only 100 meters.

The second drill hole will go to a depth of 2800 meters in an area not previously explored. This means that probably both oil and gas will be sought there. According to Lars Dyrskjot both drilling operations are a result of the seismic studies made by DUC in 1979.

The drilling equipment, which will arrive from Germany on 60 railroad cars, is the same type used in 1976 in the most recent drilling on shore in Denmark at Hyllebjerg, Farso. With 22 men working around the clock it will take a month to drill at Tonder and somewhat longer at Logumkloster. The equipment will be leased from the German firm, Deutag, and is now in use on the border between Germany and Holland. It has not yet been decided which of the two holes will be drilled first.

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CSO: 3106

## BRIEFS

**NEW NORTH SEA DRILLING**--The Danish Underground Consortium expects to have three drilling operations going on simultaneously in the Danish part of the North Sea where Maersk Explorer has been working alone until now. A leased semi-submersible drilling platform, Sedjco J, has just begun test drilling near the Norwegian Ekofisk field where in 3 months the hole will be drilled to a depth of 4000 meters. Since the beginning of January Maersk Explorer has been placed over the first extraction platform at the Gorm field where it is doing production drilling. The Gorm field will start producing oil in early 1981. Lars Dyrskjot of the A. P. Moller information section says the consortium is searching for more drilling equipment and these efforts are expected to succeed within a month. Another drilling platform will work at the Skjold and Adda fields. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 11 Jan 80 p 11] 6578

**AFGHANISTAN LOAN SUSPENDED**--A Danish state loan for 50 million kroner to Afghanistan has been held back. The reason is the Soviet invasion of the country according to Prime Minister Anker Jorgensen speaking yesterday after a cabinet meeting. According to information from Danida [Danish Industrial Development Agency] the money was for improving electrical supplies in two provincial towns. No power plant construction was involved, just improvement of electricity distribution to consumers. The Afghans had not drawn on the loan since Danida was not far enough along with the preliminary work that payment could be made. [Excerpt] [Copenhagen BERLINGSKE TIDENDE in Danish 9 Jan 80 p 5] 6578

CSO: 3106

## FDP TO STRESS DETENTE POLICY IN ELECTION CAMPAIGN

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Jan 80 p 9

[Article by "my:" "FDP Issues Call for Freedom, Responsibility"]

[Text] Bonn, 11 January--the FDP intends to be the first of the parties represented in the Bundestag to decide on its draft platform for the upcoming Bundestag elections. The vote will take place on Monday, and on Tuesday the text of the platform will be made public and simultaneously sent out to the 83,000 party members. The drafts to be submitted to the FDP presidium for consideration on Monday--a short and a long version--are both entitled "Freedom and Responsibility." The Free Democrats' official campaign slogan is likely to be similar. Last Sunday, in fact, FDP Chairman Genscher in his speech at the annual Epiphany meeting of his party in Stuttgart had made frequent use of the phrases "the nerve for freedom and the nerve for responsibility."

The platform drafts focus on foreign policy, which is a good indication of FDP concentration on Genscher in its Bundestag campaign and the use it intends to make of his achievements as foreign minister. If the presidium leaves the draft unchanged, the section dealing with detente and disarmament will begin by stating: "There is no viable alternative to a policy of detente."

The FDP, the section continues, will support all measures designed to lead to greater mutual understanding and a lessening of distrust between East and West. "It considers the conclusion of a nonaggression treaty between NATO and the Warsaw Pact as a possible result of such efforts and supports them." With regard to disarmament, the FDP intends to support the efforts of the NATO partners aimed at correcting the military imbalance in Europe.

Other major issues included in the platform are said to be: internal freedom, civil rights, the rule of law, the environment, the energy question as well as tax, pension and education policies. The drafts contain a reaffirmation on the Free Democrats' part of laissez-faire economics and the call for an "overall ecology program." As regards energy policy, the FDP comes out in favor of generating nuclear power for the time being, but only to

the extent of making up for shortfalls which cannot otherwise be met. "But it must be our aim to do away with the need for nuclear power altogether." Until then the existing nuclear power plants ought to continue in operation, but no new construction should be authorized until the waste disposal problem has been solved.

In the field of education the FDP aims to support "fair and open competition between different school models." Only by pursuing this approach will parents really be in a position to make a choice. The comprehensive school must be given "a fair chance." The FDP wishes to be looked upon as "the political force which makes the struggle for the center of the political spectrum imperative." Without it, the voters are to be told, "the left wing of the SPD or the right wing of the CDU/CSU would be able to gain a calamitous influence upon practical politics."

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CSO: 3103

## FDP'S VERHEUGEN: PARTY TO CONCENTRATE ELECTION TRY IN NORTH

Bonn DIE WELT in German 15 Jan 80 p 2

[Article by Ulrich Lueke: "FDP Wants To 'Catch up' and Is Counting on Strauss"]

[Text] Bonn--The FDP hardened its program for the 1980 Bundestag election because of the Soviet invasion of Afghanistan. Its proposal for a non-aggression pact between NATO and the Warsaw Pact has now been expanded to include a clause which stipulates that this agreement "must apply to all acts of aggression anywhere in the world."

When FDP General Secretary Guenter Verheugen presented the program yesterday in Bonn, he said that "none of the wording" in the foreign-policy section has been changed because of Afghanistan. When comparing it to earlier drafts, however, it is noticeable that references to the Third World are more pronounced. For instance, there is an explicit emphasis on "the struggle by Third World countries for independence and autonomy."

Following the final deliberations about the program in the federal executive committee, Verheugen announced that the FDP intended to fight for votes, particularly in northern Germany. The formation of a voters' initiative for liberals is apparently one of the special efforts. In earlier years, for instance, the scientist Theodor Eschenburg and the cabaret singer Dieter Hallervorden had supported the FDP. This time the voters' initiative will again include persons from the scientific and cultural life.

The liberals feel that their chances are particularly good in northern Germany because in this part of the country Franz Josef Strauss is meeting with greater resistance within the Union and among the citizens than is the case in the south. Incidentally, the dispute about the North German Radio was clearly demonstrating the consequences of "absolute power" by one party. Verheugen emphasized the fact that following the defeat in the elections in Lower Saxony and Hamburg, the FDP now has an opportunity "to catch up."

Verheugen's advice to Lower Saxony's Minister of Finance Kiep (CDU) was to make sure that there would not be a coalition between the FDP and those Union voters who were opposed to Strauss. In Kreuth, Kiep made the statement that a coalition with the FDP was unthinkable because of its inflexibility; therefore, a "coalition" with FDP voters was the goal.

In Verheugen's opinion, the election program, the final adoption of which is to take place at the beginning of June during the party rally in Freiburg and which is entitled "Freedom and Responsibility," is intentionally designed to go beyond the coming legislative period. The idea was to describe "German political conditions during the 1980's.

The FDP is not guaranteeing "security for everything and everybody" and it is also "not promising a horn of plenty." This is evident, for instance, in the demand for a revision of antiterrorist laws. In this respect, the FDP is going beyond its Bremen resolutions and is now also advocating the elimination of penalties for defamation of the government and its symbols.

The FDP would like to make environmental protection a national goal and make it part of the constitution like, for instance, the constitutional government and the welfare state. Repairs of environmental damages, which has been the practice to date, must be replaced by effective precautionary measures. The FDP is therefore demanding a comprehensive...[words missing] According to initial announcements, the program does not address itself to the question of women in the Bundeswehr.

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CSO: 3103

## CDU HOPES TO ATTRACT YOUTH VOTE

Bonn DIE WELT in German 15 Jan 80 p 6

[Editorial by vl: "Party and Youth"]

[Text] To win back young voters, the CDU has come up with advice for its own members and with a slogan for the public. The message is: The Union is to emerge as a party that, above all, can listen and: "Patronage and priggishness do not create supporters." No doubt, CDU strategists are right. But: Listening alone is not enough. Above all, young people want to see leadership, and it must be the kind of leadership that is based on a secure awareness of sensible and rationally established policies. It has nothing to do with patronage. During the years of prosperity politicians confused an entire generation with their deference to the youth cult. It has become more skeptical, but the pronouncement, "with optimism against socialism" is hardly adequate to keep them from turning away in disappointment or from turning to the green and other forms of sectarianism. Diligence, accomplishments, courage to take risks, realism even in environmental and similar questions, in short: To take one's head out of the sand and face the rough wind of reality--that is the kind of message young people are waiting for.

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CSO: 3103

## CDU STUDY FINDS YOUTH STRONGLY APATHETICAL TO PARTY

Bonn DIE WELT in German 16 Jan 80 p 2

[Article by Manfred Schell: "Listening to Young People and Knowing What Is on Their Minds"]

[Text] Bonn--A study by the CDU national committee investigated the voting habits of the young generation and its relationship to the CDU. As a result, the party has come to the conclusion that young people have strong prejudices against the Union.

The negative about-face had occurred in 1969. This trend was still very much in evidence during the Bundestag elections in 1972 and to some extent also in 1976. The Union was relieved when it was established that its position had stabilized when the results of the Bundestag elections during the 1978/79 Landtag elections came in; in other words, it did not continue its decline. The SPD, however, lost 5 percent in this age group during the Landtag elections and the FDP lost 2 percent. Compared to that, the share of "others" rose from 1.6 to 8.4 percent and the Greens seem to benefit most. This stabilization of the lower level, however, was not good enough for the Union.

Compared to 4 years ago, in 1980 an additional 700,000 young people between the ages of 18 and 24 will be eligible to vote, and their votes will weigh heavily when it comes to victory or defeat for the Union.

Ulf Fink, chairman of the CDU national committee, presented the study and expressed the following: It is "a mandate for our political existence" to know what is going on in young people's heads because there seems to be some evidence that young voters, once they have decided in favor of a party, will remain loyal to it in later years. As a matter of fact, prejudices among young voters against the Union are decreasing in those areas (educational policy, for instance) where they are gathering their own experiences.

What are the consequences for the CDU? In Fink's opinion, it is not necessary for the party to come up with a new program or a strategy of accommodation. It must learn, however, to present its ideas to the young generation in a convincing manner. As to how to deal with young people, the study contains some advice for local candidates, for instance, the statement: "The Union

must emerge as a party that, above all, can also listen. Patronage and priggishness do not create supporters. Adults are not wiser just because they are older." Speeches must address themselves to the idealism of many young people; polemics is to be avoided. Another piece of advice is that a "historical outline from Bismarck to Adenauer or a reference to personal experiences in the Third Reich" in political discussions "are easily interpreted as a means of putting on pressure." Of particular importance is also the work that needs to be done in the area of informing people about the Union's policy of environmental protection, since many young voters have a "negative view" in that regard, thinking of the Union "as an atomic party."

The first mobilization act--the slogan: "With optimism against socialism"-- is to be completed by 18 May, the day of the CDU party really in Berlin. Preceding that date, there will be a central youth meeting with Franz Josef Strauss, the candidate for the chancellorship; it will take place on 29 March in Essen's Gruga-Halle. The so-called hottest phase of the CDU/CSU election campaign will be opened on 14 September in Dortmund's Westfalenhalle. According to Ulf Fink's presentation, the national CDU will not spend more than DM 36 million for the election campaign, which is the same amount as was spent in 1976.

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## COMMENTATOR STRESSES NATO'S INFERIORITY TO USSR

DW071057 Bonn DIE WELT in German 7 Feb 80 p 4 DW

[Report by Cay Graf Brockdorff: "The Lost Balance"]

[Text] Brussels--NATO and the Warsaw Pact in this decade will live at the brink of the military abyss.

NATO does not believe, however, that Moscow intends to unleash World War III. War against NATO would become an incalculable risk for the Soviet Union. Yet analysts believe that the action of the Soviet Union on any given occasion reflects the awareness of grown military strength. It can lead to miscalculations of the situation that can bring the world to the brink of war.

Clear statements exist in the West. Air Force Gen David Jones, the chairman of the body of U.S. Chiefs of Staff, said in the U.S. Congress that in the early eighties the Soviet Union would have so much military power that it would be constantly tempted to achieve political aims with this power. With a final sentence Jones commented the invasion of Afghanistan: "In this assessment we have erred for just 8 days."

More outspoken than Jones was Alexander Haig, although the consequences of his statement have not been clearly realized everywhere. In his last interview as NATO Commander in Chief last summer (DIE WELT of 13 June 1979) he said with a view to Soviet arms that the West does not have any more "the sword of a last decision" which it used to have before.

Haig was concerned by the fact that the Soviet Union has been tirelessly rearming in the past 15 years. That has been properly realized by the Western public as late as just 3 or 4 years ago. The NATO programs that have been initiated thereafter hardly can keep up with the Soviet speed, particularly since the fruits of long-term Soviet armament investments can be seen only now.

The United States has lost its superiority in the field of nuclear arms Haig was hinting at with his remark. It must not mean that the Soviet Union is now superior. A balance could exist between the two. But the United States fears that this will not be the case any more in a few years. In the mid-eighties the Soviet Union could be in a position to destroy the bunkered

American intercontinental missiles with a "first strike." Since Washington has divided the strategic arms in three categories, it could then rely on its bombers and submarines. But the bases of the bombers are also threatened. Moscow developed a "killer" submarine against the missile submarines--the "Alpha" class.

The United States was striving for SALT II--and it still strives for it--because it promises to create a pause to catch up in the race with the Soviet Union: SALT will limit the number of the multipurpose warheads on the heavy Soviet intercontinental missile SSH-18 to 10. The Americans know that, however, the SSH-18 can carry up to 25 nuclear warheads. If the Soviets were to equip the missile with that many warheads, the concept of the new U.S. "MX" missile would be jeopardized, which is supposed to dodge the first strike threat of the Soviets through a permanent change of positions.

The situation is equally serious in Europe. The purpose of Soviet armament has been properly recognized here when always more SS-20 medium-range missiles and "backfire" bombers have been introduced, so that NATO realized by and by that the Soviet Union could be preparing arms for a separate nuclear war in Europe. NATO analysts were worried most by the realization that with the SS-20 Moscow created for itself the possibility to apply selective strikes that could be useful for separating the Americans from the Europeans.

Western Europe must wait until the third quarter of 1983 when, according to the decision of last December to close the arms gap, the first U.S. missile will arrive as a counterbalance. Until that time Washington must envisage as retaliation for a selective destruction of a non-American military target in Western Europe the destruction of a Soviet city by missiles of submarines of the NATO Commander in Chief. That this is not a very convincing deterrent strategy is also known to the planners in the Kremlin.

It is a terrifying thought for NATO that in the forward area of Europe more than 75 percent of the Soviet attack planes are stationed, with the wide range and freight capacity of the third generation planes. NATO does not have one of the third generation attack planes. That will be changed only when the very effective "Tornado" will be introduced in the units. But until then quite some time will pass and the gap will increase always more.

The situation is not much different with regard to tanks. Great numbers of the new Soviet tanks T-64 and T-72 have been introduced to the troops. The Leopard-2 is leaving the conveyor belts just now in the West. Its introduction will be completed only in the middle of this decade. The indication of Western politicians that NATO has many antitank weapons is correct. But the Soviet Union has introduced as many antitank arms.

Depressing for many NATO planners is the permanently increasing number of Soviet combat helicopter regiments bristling with missiles, which are opening a completely new dimension of air war in the area close to the front. The West does not have this kind of helicopters at all.

With the exception of naval forces, where the Soviet Union is presently making the greatest efforts, Moscow has caught up in all fields or gained superiority. The Kremlin will orientate its policy by that.

CSO: 3103

## SOVIETS SEEN LURING WEST EUROPE WITH BAIT OF DETENTE

DW071415 Munich SUEDDEUTSCHE ZEITUNG in German 7 Feb 80 p 4 DW

[Dispatch from Moscow by Eduard Neumaier: "Sweet Notes From the Kremlin"]

[Text] After the Warsaw Pact armies had invaded Czechoslovakia, about 2 months passed before the Soviet Union through its Foreign Minister Gromyko opened the offensive for the policy of detente at the United Nations. At the time the settlement of the Berlin issue was the bait. Hardly 2 months have passed since the invasion of the Red Army in Afghanistan, and again sweet notes are being struck. The melody Leonid Brezhnev has selected these days is an earwing to many a politician in the West. The Soviet Union "does not want to give up anything of the good that was achieved in the seventies." It wanted to continue on this road and it also was prepared to accept peaceful settlements in the Near and Middle East, he said.

Moscow's basic tenor reveals a high degree of psychological insight into the moods determining political thought above all in Western Europe. Discussions in the West seem to have been followed very closely. It is characteristic that the Soviet party leader refers to what was achieved in the seventies, because losing what was achieved also is what the European governments obviously are afraid of. More precisely, it is the foremost concern above all of the Bonn government and even more distinctly the concern of strong political forces within social democracy. By registering their worries with ostensible understanding the Kremlin encourages them to oppose "the Carter Administration" whose policy in Moscow's interpretation jeopardizes all advantages.

That Moscow believes it has found a concept of how to keep the damage caused by its Afghanistan policy in a limited scope, also becomes manifest in statements by Politburo candidate member and Central Committee secretary Ponomarev on the Soviet intentions as well as the treatment of Kampuchean visitor Heng Samrin. Afghanistan, Ponomarev says, is to remain nonaligned, meaning that formally at least it will not be tied to Moscow even more closely; Moscow does not make for the Persian Gulf and does not seek foreign raw material sources. Whatever one may think about such assertions, they are supposed

to appease the worried neighbors of Afghanistan and the region, Iran and Turkey, and make the defeat at the UN in the vote on the resolution demanding the withdrawal of "foreign troops" from Afghanistan tolerable--a defeat Moscow anyway only considers as an annoying failure of its own propaganda. Foreign Minister Gromyko is developing his activities in this region of the world. He will visit India by the middle of the month.

The Kremlin is pursuing a well thought-out concept. Following the coup in Afghanistan, which on the whole proceeded as planned, the clouds of resentment are to disappear first of all. Then the situation will be consolidated and the world will get used to the new realities. In this phase there will be no distrust-provoking actions. This also may be one of the reasons why Moscow for the time being renounced concluding a friendship and assistance pact with Kampuchea according to a tested pattern on the occasion of Heng Samrin's present visit. Kampuchea is being looked after excellently anyway by Vietnam under the patronage of Moscow.

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## CDU SECURITY POLICY CONFERENCE DISCUSSES AFGHANISTAN, ENERGY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Jan 80 p 3

[Article by Karl Feldmeyer: "Soviet Invasion Threatens Western Energy Supply"]

[Text] Bonn, 11 January--CDU General Secretary Geissler opened his party's security policy conference in Bonn last Friday by saying that the Soviet aggression against Afghanistan poses a threat to the energy supply and the defense capability of the West. He underscored the CDU's solidarity with America and with the countermeasures instituted by President Carter. At the same time, he deplored the fact that the chancellor had not yet offered any "explicit comment" on the critical situation. Schmidt, he said, ought to stand up openly for his convictions. But when things get tough, Geissler remarked, Schmidt fails to open his mouth and say anything about the Soviet Union. Such an attitude does not conform to the spirit of German-American friendship.

Using the Soviet invasion of Afghanistan as an example, Geissler then pointed out that world peace can be safeguarded permanently only if--as he put it--the "international social question" is solved. Hunger, poverty and want have killed more people than all wars put together. That is why a policy of peace is always synonymous with an "international social policy." "We do not have exclusive rights to the basic principles and norms we hold dear," he said. A fair balance of interests among rich and poor; a just world economic order; a program of development aid which helps people help themselves--all these are prerequisites for a policy to guarantee the peace.

In his speech, Woerner spoke of the conclusions to be drawn from the Soviet aggression in Afghanistan along much the same lines as he had in an interview with this newspaper a day earlier. He pleaded for an extension of NATO commitments to include safeguards for Europe's energy and raw materials supply, for expanding relations with China and for increasing the defense potential of the Bundeswehr. Moscow's geopolitical aim, he said, is to break through to the Indian Ocean and thus to assume control over the West's life-line--its supply of oil and raw materials. If Moscow were to succeed,

it would mean the end of security, freedom and prosperity in the West. Those who belittled the seriousness of previous Soviet conquests are partly responsible for this Soviet aggression against Afghanistan. And that includes the chancellor. Scarcely a year ago he maintained that events in Africa had no bearing on detente in Europe, and he stayed President Carter's hand when the latter imposed sanctions against Moscow. As it happens, it is not detente that has failed, but a policy that took illusion for reality. The alternative to the present policy of detente is not a return to the cold or to a hot war, Woerner said, but a return to the original, realistic program for the relaxation of tensions which was based on the following principles: balance of power; indivisibility of detente; concessions based on genuine give-and-take. The CDU politician warned against developing or advocating different plans for a policy of detente in America and Europe. This could tear the alliance apart. Any special relationship between Europe, much less the FRG, and Moscow is out of the question. "Detente, disarmament and discussions with the USSR continue to be the aim of our policy--or, for that matter, any sensible policy," Woerner added.

Like Dregger, Woerner also came out in favor of a European defense community within NATO. "We must have a European army," he said. Referring to the medium-range missile question, Woerner said that there is only one way for Moscow to prevent the stationing of new Western systems in Europe, and that is by negotiating and by totally dismantling the Soviet medium-range potential.

#### **A Vote for Military Training and Soldierly Ideals**

Woerner devoted a large part of his speech to the Bundeswehr. He criticized the government for a variety of failings: for its negligence toward the members of the armed forces; for the inadequacies of its civil defense program; and for its attempt to bring about the de facto end of the draft by introducing a compulsory military service bill, which eventually failed to pass. Among the measures to improve fighting strength he listed in the first instance an increase in the training budget and, in addition, efforts to overcome the promotion and utilization bottlenecks by creating new billets needed to make better use of the reservist potential and to improve territorial defense and civilian-military cooperation. Woerner also proposed an improvement in living and housing allowances as well as changes in training methods. He went on to call for an end to the bureaucratization and regimentation of the army which works to impair tactics, a capability which has been a German army hallmark throughout history. These three principles must underlie the training of troops: a willingness to educate; training targeted toward the possibility of war; and a clear affirmation of military ideals and virtues such as fatherland, love of liberty, courage, obedience and self-sacrifice.

In his speech, Hesse CDU Chairman Dregger maintained that there are three aspects to the Soviet challenge: the threat to the military balance in Europe; the threat to the enemy and raw materials supply; and an aggression

along ideological lines which, in the Soviet view, is not at variance with coexistence and detente. The West, for its part, is looking for detente as a permanent state of affairs. For the Soviet Union, this policy is merely a means to the end of achieving the "victory of Communism on a world scale," which does not exclude the possibility of "civil wars and wars of national liberation."

Since the Soviet Union is self-sufficient in raw materials and energy, Dregger said, its navy is not needed for defense, but solely for offensive purposes, such as the disruption of Western supply lines. An early Soviet invasion of Pakistan and Iran must be considered a real possibility in view of the internal situation in both countries. Dregger made a strong point of warning against resorting to an ideologically oriented policy toward the Third World. The dream that it can be made ready for democracy has turned out to be an illusion. One of the most important tasks before Western policy-makers is to build a genuine relationship to the Islamic world. The West must also put an end to a "mindless give-away program" of technical and economic help which more often than not has favored its enemies. The only way in which the West can contain the Soviet advance in Africa and in the Near and Middle East is to help its political friends in the Third World and to treat its opponents as they deserve to be treated.

The great economic potential of Western Europe must be put to effective use, Dregger said, a move that involves overcoming the existing political and military divisions. In this connection Dregger criticized the stand taken by Belgium and the Netherlands with regard to the NATO decision to modernize the medium-range missile arsenal, and France, above all, for its separatism in political and military matters. If France continues to stand aside, Dregger said, Europe cannot be defended. Western inferiority in medium-range nuclear missiles and in conventional armaments must be overcome. To achieve this, Dregger recommended standardization of arms and a rise in defense budgets.

In conclusion, Dregger pointed out the need for the West to win over as many countries in the Third World as possible as partners. To help offset Soviet naval policies, he said, Europe would have to play an increasing role in the Indian Ocean and in the South Atlantic.

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## NIGHT VISION EQUIPMENT, USE IN BUNDESWEHR EXAMINED

Bonn WEHRTECHNIK in German Jan 80 pp 58-67

[Article by Erhard Heckmann: "Seeing and Fighting at Night — Night Vision Equipment of the German Army"]

[Excerpt] In using weapon systems on the battlefield the troop commander is largely dependent on reconnaissance results. The enemy must be seen and recognized so that he can be effectively combatted with modern weapons which have an ever increasing first hit probability. For armored combat troops — on which the German Army heavily depends — it is particularly important to quickly discover, recognize and identify the possible enemy — likewise armored vehicles. During the day one can rely on the eye supported by optical means but at night one is largely blind. This will change decisively in coming years when the Bundeswehr [federal armed forces] receive the most modern passive night vision devices: thermal image devices which do not turn night into day but do make target recognition possible during darkness and bad weather. The following article lists the consequences resulting from the use of these devices in night combat. It also spells out with which mostly active (meaning they can be located by the enemy) first generation night vision devices the army is equipped, which second generation devices are being introduced and which third generation (thermal image device) systems are planned for the armored troops.

The technical possibilities of also being able to see at night give rise to a number of questions in regard to their military employment. The Bundeswehr's command regulation states that darkness and changes in the weather have an effect on the battle but do not result in it being interrupted. Thus combat at night is a component of all types of combat. The restrictions or effects on the battle have their causes in the restricted field of view of soldiers equipped with night vision devices, in the fact

that financial limits prohibit equipping every soldier with such aids to vision and also in the requirement of troops in action for rest. In the air force and navy it is already partly a rule, partly an exception, to have several crews for a weapon system so as to be able to use the expensive investment around the clock if possible. Thus one must, with certain exceptions, proceed on the assumption of a 24-hour combat day.

Warsaw Pact attack doctrine speaks of a rapid movement rate and widely separated daily goals. Equipment makes the troops capable of day/night combat although they are largely still equipped with active night vision devices. But the Soviets are quickly catching up in terms of quality. Both the T-72 and the BMP armored personnel carrier are already equipped with passive image devices. In the East optimization of devices is deliberately avoided. A device is introduced only if it brings a combat value increase. This results in quantitative superiority. But also new generations of devices are introduced on a broader scale and more quickly than is the case here. This is because the weapons development process is shorter. Evidently the laming effect of the managerial bureaucracy is held within limits. In addition to quicker procurement of devices, the Warsaw Pact can, because of its numerical superiority, also replace battle weary troops before we can — often an invaluable advantage.

The intensity of combat around the clock will not significantly decrease at night. Reconnaissance and weapon effect are to approach those during the day. Equipping with night vision devices also has other consequences for the troops including increased demands on maintenance units for electronic materials and the necessity for increased training at night. Because of the noise, the latter can, in turn, only be done at remote maneuver areas. Army aviation in summer, for example, has only about one hour available in the evening. The performance capability of devices results from the sighting criteria of discovery phase (friend? foe?), recognition phase and identification phase (tank or armored personnel carrier) while determination of optimum range for opening fire results from prevalent environmental conditions.

#### Night Vision Device Technology

The propagation of electromagnetic waves in the atmosphere is influenced largely by atmospheric absorption and light scattering. Thus the atmosphere is not equally permeable to all wave lengths. In terms of permeability there are so-called "atmospheric windows" which are in our range of interest. Thus the first window, which also includes the visible (0.4-0.7 microns) and part of the infrared range, reaches to 1.3 microns, the second lies between 3 and 4 microns and the third between 8 and 13 microns. The first window is used largely for active infrared and image intensifying devices while the second and third are used for thermal image devices. These windows also correspond to the spectral sensitivity range of certain infrared detectors (here see also the article by Dr. Gaertner in WEHRTECHNIK 7/75 and 8/75).

## Active Devices

Active night vision technology has not been promoted since the appearance of image intensifier technology. The disadvantages of military employment of these devices are limited range, the requirement for an illuminator (from a searchlight switchable from white light to infrared light not visible to the eye) and thus easy recognition by an enemy equipped with infrared observation glasses. Thus today only a use limited in time is possible. For these reasons battalion commanders in the Bundeswehr must decide about the employment of such devices. The relatively low price is an advantage. Thus an active infrared device for a rifle costs DM 5,500 and an infrared telescope DM 9,000. The newer image intensifier devices are four to five times more expensive.

## Image Intensifier Technology

Passive night vision technology is based in part on image intensifier devices which intensify the residual light available even during dark night. Hence the name residual light intensifying devices. The range is about 600 meters and depends primarily on available residual light. The danger of complete darkness exists in a maneuver but not on a battlefield on which the horizon is illuminated by distant combat and where something is almost always burning. The first generation of image intensifier devices used cascade tubes and allowed light intensification of a factor of 40,000. If multistage intensification tubes are used, light intensification up to a factor of 100,000 can be reached.

Multi-microchannel tubes are used in the second generation of light intensification devices. Intensification occurs in one stage. Thus these devices are significantly shorter than those of the first generation. They are also less disturbed by excess glare and therefore suited for telescope sights on weapons having muzzle blast. The achievable ranges of second generation devices are slightly less than those of the first.

The third generation of image intensifier devices is still in the development stage. The goal is to expand the spectral sensitivity range beyond 0.9 microns since the intensity of night light and contrast strongly increase there.

## Television Image Intensification

Low-level light television occupies a special place in the sequence of generations. These devices use a silicon multidiode vidicon also called an ebsicon. In the German Army this technology has been introduced as an interim solution for the first Leopard 2 and a limited number of Leopard 1 tanks because they could not wait for thermal image devices and it was wanted to equip the most modern tanks with passive night vision devices from the beginning.

## Thermal Image Technology

Forward looking infrared (FLIR) is used in the third generation of night vision devices. This takes advantage of the thermal contrast of targets in relation to their environment rather than using residual night light. As early as the late 1960's the Americans recognized not only the applicability of this technology but also the development and production costs of such devices and standardized the primary components of thermal image devices under the designation "common modules." These components included the detector, scanner, infrared focusing optics, light diode field, cooler, bias voltage regulator, video preamplifier, scanning and line interlacing card and auxiliary video control. Texas Instruments beat out Hughes Aircraft to win the development contracts for these common modules but for the last two years the latter has been, like many other firms, a so-called "second source of supply" and has used clever public relations work to give the impression that it is the developer of the common modules. "Form, fit and function" were precisely prescribed in the specifications for the modules. But the detector can be varied by a factor of three. The optics were not standardized so as to have a certain degree of freedom and to give the devices as wide an employment area as possible. A reduction of about a tenth in costs is said to have resulted from the introduction of the common modules.

In Germany the armaments department and industry long clung to image intensification and switched to thermal image technology relatively late. Due to a lack of native developments, the federal government concluded a complete technology transfer agreement for the common modules with the United States. There are not to be any reservations for critical areas — in plain text, manufacture of components exclusively in the United States as is the case with the Sidewinder AIM-9L. The British and French have not concluded a similar agreement with the United States as they want to have a free hand in weapons export.

Standardization brings, of course, a freezing of the state of technology for a certain period. This disadvantage is, however, far outweighed by the achievable savings which are made possible only by wide application of thermal image technology. Thus this agreement gives the Federal Republic a family of devices, the prices of which remain under control. The Federal Republic is also permitted to export common module principle thermal image devices and components to other NATO countries.

Three types of multiplexing are used with thermal image devices. These are electronic multiplexing (emux), electro-optic multiplexing (eomux) and optical multiplexing (omux) or direct viewing. On the basis of tests of laboratory models, the omux method has been selected for standardized devices using thermal imaging for the Bundeswehr. The Americans use omux for the M-60 but have selected emux for the XM-1. The German decision was determined by the high priority (delivery of devices from 1983) with particular attention given to avoiding any risks in system compatibility,

particularly electromagnetic compatibility. A competition for German thermal image devices on a common module basis was won by Zeiss together with Texas Instruments over the grouping of AEG-Electro/Hughes. Troop trials with about 15 omux thermal image devices are to be completed by the end of 1980.

In this case the integrated thermal image device used in the Leopard 2 EMES 15 fire control system will be operated as well as derivative devices identical in design for the Leopard 1, Marder and Luchs.

Thermal image devices allow targets to be recognized much earlier than in the visual range, in part even up to 4,000 meters for hot targets. The rule of thumb "night main combat range equals half daylight combat range" which previously applied to active night vision devices can no longer be used even by armored troops now that thermal image devices have been introduced.

The infantry had already achieved equal day and night main combat range with image intensifier devices and the range of its weapons is not significantly less than those of the armored troops. In order to be able to take full advantage of the relatively long recognition range of 2,000 meters for thermal image devices, and this means being able to open fire immediately, the rapid introduction of a battlefield identification system such as CAPRIS is necessary. But this also applies to combat by day and is of value only if all NATO armored vehicles are so equipped.

The thermal image devices are superior to image intensifier devices during rain, snow and fog as well as when no residual light is available. Since they can also penetrate conventional camouflage easily, they can also be used by day for better target recognition. Price, dimensions and weight prevent using thermal image devices for night vision glasses. The boundary area of employment between image intensifier and thermal image devices for driving aids and heavy infantry weapon sights has not yet been entirely clarified.

Thermal image technology also has consequences for tank construction since the tank must be so designed that it forms the smallest possible, from the front or side, recognizable thermal contrast to the environment. Special highly visible thermal sources are the motor, exhaust grating, warm bogie wheels and the like. From this aspect the exhaust gratings on the rear of the Leopard 2 are an advantage as compared with those of the Leopard 1 on the side. Consideration has also been given to special camouflage measures such as smoke with infrared components.

The equal distribution of thermal image devices among the troops is also important. Since the goal of equally equipping combat troops can only be achieved over a longer period of time, a mixture of formations must be so accomplished that a better equipped formation is not stationed next to a noticeably poorer equipped one and thus tell the enemy where to attack.

## Army Equipment

As already indicated, three phases must be distinguished in army equipment: equipment with active infrared night vision devices in the 1960's, equipment image intensifier devices first for drivers and then for sighting and observation tasks in the 1970's and with thermal image devices in the 1980's.

### Active Devices

After 1956 all armored vehicles of the army as well as the armored infantry or infantry were equipped with active night vision devices. The Leopard 1 and M-48 tanks, the cannon tank destroyer, the Marder armored personnel carrier and the Luchs scout tank all received an infrared/white light sighting searchlight and an appropriate infrared telescope sight. The target illuminated with the infrared searchlight was observed with this telescope. The searchlight can also radiate normal white light for target illumination. The light visible only in the infrared range is radiated through an attached filter. The searchlight is equipped with shutters so that it does not radiate after being used. The tank commander also had an infrared telescope, that is, an observation field glass, with which the illuminated target could be observed and enemy infrared searchlights detected.

It is desired to continue to maintain a mixture of active and passive devices for tank destroyers and armored infantry even with the introduction of image intensifier devices. The reason is that image intensifier devices are saturated by light and then automatically switch off, leaving one "blind." This saturation can also be achieved with artificial light sources (pyrotechnic battlefield illumination). With the introduction of thermal image technology in the field army, the active night vision devices will continue to be used by the territorial army.

Only 100 infrared glasses, which also require infrared light, have been procured for tests although it is known that the Warsaw Pact has broadly equipped its units with such glasses.

### Image Intensifier Driving Devices

All armored vehicles are or will be equipped with BM 8005 image intensifier driving devices that have a range of about 80 meters. They have a small glow lamp which reaches into the infrared area and has a range of 20 to 25 meters. It can no longer be detected, even with an infrared glass, at a range of greater than 50 meters. The device is assigned to the driver but can be used in the turret of the Leopard 1, Leopard 2, Luchs and Marder in place of a periscope so that the commander of a stopped tank has a night vision aid and can observe the immediate area.

### Image Intensifier Night Vision Glasses

Helicopter pilots of army aviation are now to be equipped with BM 8020 night vision glasses. The function of the glasses corresponds to that of the driving device in a tank. Fitting the glasses was difficult as their weight presses on the cheek bone and the mounting had to be adjustable. The problem was solved, however, with the help of makeup artists. In addition to weight savings, night vision glasses with two eyepieces but only one image intensifier tube instead of the two hitherto used also yielded a cost savings of about a third. Such glasses are offered today by several firms such as Baird, Elektro Spezial, Oldelft and Varo and also are being tested by the Bundeswehr.

### PZB 200 Sighting and Observation Device

The PZB 200 passive sighting and observation device with low-level light television technology represents only an interim solution for tanks so that at least these vehicles have a passive night vision and sighting capability as soon as possible.

Whereas all other night vision devices are direct vision types, the PZB 200 uses a monitor to display the picture gained by the camera with its image intensifier tube. The camera is mounted on the cannon mantlet directly next to the infrared/white light searchlight. The Leopard 1 tanks of the Canadian armed forces are already equipped with the same device from AEG.

### Image Intensifier Sights for Small Arms

The development of image intensifier sights for small arms started in 1967. The Orion 80 devices have been delivered to the armored infantry since October 1979. The Orion 110 (the number indicates lens diameter) is configured for 20mm weapons. The range of Orion 80 is about 250 to 300 meters, that of Orion 110 about 400 meters.

### Image Intensifier Sight for Marder

A third of the Marder armored personnel carriers operated by the Bundeswehr will be equipped with a passive night vision and observation device with thermal locating equipment (PNZBG=WOE) in the course of combat value increase (see WEHRECHNIK 12/79). The other two thirds will later receive thermal image devices immediately after the Leopard 2. The thermal locating equipment displays a tank, as a relatively intensive light source in comparison with its environment, at a distance of as far as 2,000 meters as a point in the field of view but identification is not possible at this point. The infrared/white light searchlight is retained with the external viewer of the PNZBG being mounted next to it.

### Thermal Image Devices for Armored Vehicles

Thermal image devices substantially improve not only night but also day combat capability. All Leopard 2 tanks from the second lot on are equipped with the standardized device integrated in the EMES 15 fire control system. The first lot will be reequipped as soon as possible. Subsequently all remaining armored vehicles, Marder, Luchs and Leopard 1, will be equipped with a modified form of the same device. The artillery observation tank will also receive thermal image devices [but] the Armored Transport Vehicle 1 (6x6) only for certain missions.

### Thermal Image Devices for Antitank Guided Missiles

Another thermal image sighting and observation device on the common module basis is the American AN/TAS-4 cross-sectional device with which the Kraka-equipped air assault formations and Jaguar 2 (formerly cannon tank destroyers, now to be reequipped with TOW) are to be equipped. Also the 316 Jaguar 1 missile tank destroyers now having their SS-11 antitank guided missiles changed to TOW will receive a thermal image device on the common module basis that will be developed by Elektro Spezial and Eltro.

The Milan antitank guided missile night vision device, which works in the 8 to 13 micron range, is not based on common modules. The approximate target detection range is 3,200 meters, the recognition range about 2,000 meters and the identification and firing range about 1,500 meters. A demonstration at an infantry school in Hammelburg a few weeks ago resulted in two hits with two shots at 1,400 meters at night.

### High Priority: Equipment With New Night Vision Devices

In terms of planning, the assumption may be made that from about 1983 on over 6,000 armored vehicles — 1,800 Leopard 2, 2,400 Leopard 1, 400 Luchs scout tanks, 1,400 Marder armored personnel carriers — will be equipped with the most modern thermal image sighting and observation devices which will make target recognition easier by day and will be practically the only means of vision at night. This will require, based on present prices, expenditures of more than DM one billion. The high priority that soldiers give to this equipment was obvious in conversations with army officers. With these systems, for example, the combat power of the Leopard 2 can also be fully realized at night. And an even more decisive advantage: the view is that one will have a time advantage of about seven years over the potential enemy in this sector of passive night vision devices. It is a question of using this advantage — the quick decision for thermal image devices with the common modules adopted from the United States shows how quickly a new technology can be used when the entire affair is given priority.

The costs will represent a substantial burden for the army's investment budget — cuts or spacing over time cannot be accepted in any case. Then, he who sees only inadequately at night is the inferior.

#### Active Infrared (IR) Devices (First Generation Night Vision Devices)

<u>Designation</u>	<u>Manufacturer</u>	<u>Employment</u>
B 171 II IR sight IR channel in PERI	Eltro	Leopard 1
R 12	Zeiss	Leopard 1 (6th lot)
TNZF K8/6 FERO Z 16 combined day/night IR telescope sight	AEG-Telefunken	Cannon tank destroyer
BM 8001 IR telescope sight	Elektro Spezial	Marder, Luchs, M-48 reequip
IRH 6 ML (FERO 51 Zub) IR telescope	AEG/Oldelft/Eltro	Commander's glass for all armored vehicles. Armored in- fantry squad and platoon leaders Armored infantry: 4 per platoon
B8V IR sight	Eltro	
IDF 34 FERO 52		
IR night vision glasses	AEG-Telefunken	Combat engineers, maintenance units
NFP 18 driving device	AEG-Telefunken	All armored vehicles
XSW-30-U IR/white light searchlight	AEG-Telefunken	Leopard 1, cannon tank destroyer, M-48, Luchs
BSW 301 IR/white light searchlight	AEG-Telefunken	Marder

#### Passive Night Vision Devices

#### Image Intensifier (BiV) Devices (Second Generation Night Vision Devices)

BM 8005 BiV driving device	Elektro Spezial	Leopard 1 and family, Leopard 2
Orion 80 BiV sight	Eltro/Zeiss	Marder, Luchs, Jaguar, Roland, artillery observation tank
Orion 110 BiV sight	Eltro/Zeiss	Replaces B8V, infantry platoon and squad leaders, eventually for 20mm weapons
BM 8028 night vision glasses	Elektro Spezial	For army aviators
BM 8025 tank night sight and observation device with thermal locating equipment (PNZBG+UOE)	Elektro Spezial	Marder (one third to be reequipped)

### Low-Light Level Television Devices

PZB 200 tank sight and observation device	AEG-Telefunken	Leopard 2, Leopard 1, later Territorial Army M-48
PB 35 P day/night commander's panoramic observation device	AEG-Telefunken	Roland, being tested, commonality of components with PZB 200

### Thermal Image Devices (Third Generation Night Vision Devices)

Sighting and observation device	Zeiss/Texas Instr	Leopard 2, Leopard 1, 1,466 Marder
HOT sighting and observation device	Elektro Spezial/ Eltro	Luchs, artillery observation tank, some Armored Transport Vehicle 1
AN/TAS-4 TOW night sighting device	Texas Instr	Jaguar 1 (HOT)
Milan night sighting device	Siemens/TRT/ MSDS	TOW on Kraka and Jaguar 2 Milan

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## STRAUSS ATTACKS COALITION ECONOMIC POLICIES, SETS OUT HIS OWN

Duesseldorf HANDELSBLATT in German 31 Dec 79 p 5

[Article by Bavarian Minister-President and CSU Chairman Franz Josef Strauss: "SPD and FDP Want to Introduce Socialism in Small Slices"]

[Text] In the 1980's we will be confronting massive challenges regarding economic and finance policies. The present economic situation should not put blinders over our eyes to hide the risks which we are already facing today, namely:

Our again increasing inflation rate;

The repeated increases in prices for energy and raw materials connected with the use of crude oil as a political weapon;

Unsolved world monetary questions;

Urgent worldwide political problems in the Near and Middle East, in Africa and Asia, with possible jeopardy to our supply of energy and raw materials.

Will we be able to face these challenges successfully? Have 10 years of the SPD/FDP coalition created a solid foundation upon which successful policy can be built in the coming decade?

The social market economy provides the possibility for realizing and securing personal freedom, equal opportunities, property, growing prosperity and social progress like no other system, but it is today endangered by a post-Keynsian economic and finance policy. An era of growing credulousness with regard to the state and expansion of the state corridor began with the SPD/FDP coalition. These, among others, were the results:

Higher and Higher Expenditure Share for Government Sector--The government-sector of expenditure has been steadily rising from 37.9 percent (1969) to 47.5 percent (1978). Almost half the national product is claimed and redistributed by the state without any consideration for the fact that about 70 percent of the redistributed funds flow back to those who supplied them in the first place. The state has become a goal in itself. Within

the government-sector expenditure share, the amount consumed by the state and the transfer payments have become increasingly larger at the expense of public investments;

**Tax System Not Conducive to Performance**--The Federal Republic has become a tax and assessment state that does not encourage performance. The assessment ratio (taxes and social assessments) was 40 percent in 1980. The strain put on citizens can be recognized even more clearly if one considers the average critical burden; that is, the ratio of the burden of assessments to growth in income, which next year will largely be devoted merely to compensating for inflation. The average burden of this growth will be about 50 percent.

The false structure of our taxing system comes on top of all of this. In the last 10 years, the proportion of indirect taxes has decreased and the proportion of direct taxes has increased. This inhibits performance and investment. The desired goal is to arrive at a ratio of about 50:50 between direct and indirect taxes;

**National Debt Promotes Inflation Mentality**--The mentality of inflation has been promoted by a constantly rising national debt, with an increasing burden on capital markets and even higher loan-servicing costs. At DM 14 billion in 1969, the federal debt at the end of this year will have become over DM 200 billion. As early as 1983, amortizations and interest will already constitute more than a fifth of total federal expenditures. At that point, credit will have lost its function as a means for financing additional state expenditures;

**Stop-and-Go Policy of the State**--Government spending and investment programs have been succeeding each other in quick succession, and to some extent have cancelled each other out. Initially, plant investments were penalized with an investment tax and then rewarded;

**Subsidies**--With the aid of statistical "sleight of hand," the concept of subsidies has been narrowed down in such a way that a subsidy volume of around DM 10 billion has passed unnoticed. Despite this, the volume of subsidies has continued to increase, with direct subsidy payments by the federal government rising from DM 6.2 billion in 1969 to around DM 13.5 billion in 1979;

**Sinking Equity Capital Ratio of Corporations**--The equity capital ratio of German firms has sunk from 30 to around 23 percent and is therefore far below the level of comparable Western industrial nations. In comparison to the average level of investments from 1960 to 1970, the proportion of industrial investments to the gross national product from 1971 to 1978 shows an investment gap of around DM 250 billion (in 1970 prices). The progress that has fortunately been made in recent times in overcoming the investment gap can no longer make good on the sins of the past;

Prospects for the Future--The social market economy once again has to regain its central importance; it should not be allowed to stiffen into empty formulas that are hollowed out and then filled with a different content. It is obvious that we can no longer return to the 1950's. Today, the problems and challenges are different, but the fundamental positions are still the same.

#### Improve Bases for Growth

Our economic and finance policies have to reinforce confidence in the democratic and market economy principles of our economic system and have to improve the bases for growth.

The economic and finance policies of the 1980's have to include the following key points:

First: A more rapid expansion of nuclear energy. The serious danger of insufficient energy supplies is one of the most severe economic challenges of the next decade. It makes a rapid construction of nuclear energy facilities mandatory. Of course, the safety of the people during the construction and operation of nuclear power plants must take priority over all other points of view. Because of the splits within the SPD and FDP, we have lost a crucial 5 years as a result of the inability to act on the part of the federal government. The last nuclear power plant went into service 5 years ago. There has to be an end to painting nuclear energy as a devil on the wall in the form of an insidious residual requirement.

We are already in a critical phase; one can hardly tell how long it will take to build new structures with today's permit regulations. Our neighbors to the west as well as the east--France and the Soviet Union for example--already have a considerable jump on us.

Second: Assure the supply of raw materials. Because of the unstable political situation in many raw materials-exporting countries, even the supply risks of certain "key raw materials," without which our economy cannot exist, have increased immensely. It is alarming to consider how the federal government is dragging its feet on long-term planning for an adequate supply of raw materials to our economy. The negotiations on forming the raw materials stockpile for certain "sensitive" raw materials have not yet gotten off the ground. Among the long-term measures for assuring the raw materials supply are the promotion of new exploration projects and the exploitation of new raw materials deposits.

#### Gradually Reduce Government-Sector Share of Expenditures

Third: A gradual, continuous reduction in the government-sector share of expenditures. In the future, state expenditures have to grow more slowly than the gross national product; the high level of credit financing has to be reduced. Despite the difficulties connected with this, we have to set this long-term goal. This will require patience and a period of more than

two decades. It is important that a beginning be made and the first step taken. The uncontrolled fiscal buying power reversals in the direction of state consumption of recent years are undermining the bases of any stable economic growth. For this reason, this question is closely tied to the notion of freedom of the citizen, with a greater chance to have control over his earned income.

Fourth: Reduction in taxation that is not conducive to performance. A taxing system that penalizes performance and attacks the very substance of private enterprise is in need of thorough revision. The income tax system needs a new form, and taxation assessed independent of proceeds has to be dismantled. At the federal press conference in Bonn on 12 December 1979, I presented as a first step in this direction the tax relief proposals developed by the financial experts of the CDU and CSU. The subsequent tax policy agreements by the SPD and FDP, which required a great deal of effort with very little time, are just another proof for the fact that the federal government is lacking in any type of long-term concept on tax policy.

Fifth: Improvement of capital formation, and with that of a company's willingness to take a risk; broad distribution of resources. Private investments should be promoted because they created jobs, which in turn are needed for reducing unemployment and strengthening the growth process. A fundamentally positive attitude toward efforts to make a profit is the prerequisite for a willingness to invest and produce. Workers should have more of a say on production resources, and tax obstacles should be eliminated.

Sixth: Promotion of research and innovation. By promoting the expansion of indirect research, a step would be taken to counter the decline in private funds spent for research and development by industry since 1971. The advantages of indirect research promotion lie primarily in its nondirigistic influence, its low requirement for administrative outlays and the fact that it makes possible an appropriate reduction of risks for small and medium-sized companies. Direct promotion of research usually makes the economy suffocate in a jungle of complicated and bureaucratic regulations and guidelines.

Seventh: Active policy of competition. Functioning competition has to be assured so that production factors can be guided to their best possible use. This can be achieved in the following ways;

Maintaining and creating competition between existing firms;

Opening the market to new innovative companies; and

Social insurance in cases of conversion.

Strengthen the Life Force of the Family

Eighth: Family policies. The negative results of the sharp reduction in the birth rate within the Federal Republic are obvious: The assurance of

a pension of the older generations becomes complicated; the preconditions for economic growth are prejudiced. Strengthening the life force of the family and its members is one of the tasks of finance policies. Tax discrimination against parents with children has to be eliminated.

The chances to survive the challenges of the 1980's are provided if we explain to our citizens the true risks, promote their own initiatives and stop pursuing an arbitrary state policy which is geared to the next elections.

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CSO: 3103

## HIGHER OIL PRICES DIM ECONOMIC OUTLOOK GREATLY

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 5 Jan 80 p 6

[Article by Juergen Klotz: "Second Oil Price Crisis--Shock Still to Come: Bonds Expectations for Growth Too High/Drastic Reduction of Purchasing and Investment Power"]

[Text] Within a few days FRG consumers will get a bad surprise: With absolute certainty, oil concerns will present their bill for the most recent OPEC price increase. Without being prophetic, it can already be predicted that 1 liter of premium gasoline will climb to more than DM 1.10 even at self-service gas stations and that 1 liter of heating oil, even if purchased in large quantities, will jump to more than 60 pfennigs. But the processing industries will also be asked to pay the multinational corporations. The inevitable consequences will be these: Buying and investment activities by the private sector will be curbed. There will be additional threats to exports because oil bills have risen exorbitantly for all industrial nations. To be sure, today the payment balances of our most important customers are much better than they were during the oil price crisis at the turn of the year 1973/74, but the new OPEC demands will make foreign currency reserves melt like butter in the sun in some countries. Last but not least, it is unlikely that German contractors have any hope of being deluged again with enormous additional orders from the oil countries, as happened 5 years ago, because it seems that in many OPEC countries plans for industrialization can hardly be increased; in some they are being rolled back (Iran). The spreading gold fever can be explained, among other things, by the investment of funds by oil sheiks. Yet, such gloomy omens cannot divert the official government in Bonn from its demonstrative confidence. It is still obstinately clinging to expectations of growth for 1980 that have been outdated for some time--in total contrast to some

economic research institutes that have revised their opinions in the meantime or will do so in the near future; as for instance, the WSI [Economics and Social Sciences Institute] labor unions. The following article points up the fact that the expensive oil will most probably put a stop to the economic boom. Switches to other sources of energy, for instance a more extensive use of coal, is not something that can be done "on the spur of the moment." But the concerns have one consolation ready. Compared to last year, when the threat of an oil shortage was continuously on their minds, they at least do not anticipate a crisis in supply because of sizable stockpiles.

Chancellor Helmut Schmidt, his Free Democratic minister for economics and the leading brains of the Frankfurt Bundesbank seem to be in agreement with Christian Morgenstern. The motto "because...something cannot be should not be" is used freely while they preach indefatigably an economic optimism which is no longer shared by the OECD or leading FRG economic research institutes like the IFO in Munich, as well as the Institute for World Economics in Kiel and even economic departments of large petroleum concerns.

In reality, the price rush on oil markets, which began shortly before the Caracas OPEC Conference the middle of last month and is still continuing, has destroyed any kind of reality contained in current predictions about future economic development. A statement made only a few weeks ago by the outgoing Bundesbank President Otmar Emminger to the effect that there is "a chance" that the current year might see 3-percent growth is just as far removed from reality as are the hopes of Graf Lambsdorff for a rise "of 2.5 to 3 percent," an increase in employment and a "decline in the rate of price increases during the course of the year."

To be sure, everybody had taken into consideration the fact that the price of oil would continue to rise. Current surcharges, however, that are demanded by the OPEC countries as well as by industrial nations like Great Britain, Norway and the Soviet Union are greatly increasing apprehension. A brief backward glance illustrates the fact that talk of the second oil price crisis--to date firmly ignored by the Bonn government--is justified.

A little more than a year ago, a barrel of crude oil (159 liters) cost less than \$13. Considering the dollar exchange rate of that time, one ton (ocean freight and pipeline costs not included) came to DM 175. Today the average price per ton is between \$28 and \$29 (see Table 1). Considering the decline of the American currency that has occurred in the meantime, the current price per ton is approximately DM 350. The increase from December 1978 till January 1980: exactly 100 percent.

As far as the actual amount is concerned, the most recent increase is therefore considerably higher than it was in the fall of 1973, when OPEC raised the price for a barrel of oil by \$7 following the Yom Kippur War in the Middle East.

In reality, the financial burden on consuming countries is even more drastic, because larger and larger quantities are no longer sold by long-term contracts between exporters and multinationals, but they find their way into the so-called "spot" (surplus) markets where concerns are purchasing the amount they need to make up for shortages. At times it has been as much as between 20 and 30 percent of their total purchases, compared to 5 percent during "normal" periods. As much as \$40 per barrel has been paid on the "spot" market in recent months.

The meaning of this, however--the fact that the stuff that is needed to oil the economic mechanism of the industrial West is experiencing such enormous increases--was calculated by the Paris OECD only in December. For every 10-percent increase in the price of oil, real growth in the 24 member-nations goes down by 0.5 percent, and consumer prices simultaneously go up by 0.5 percent.

There is some comfort for Bonn's economic politicians: In the opinion of experts, the consequences for the FRG should not be quite so painful. On the other hand, there is not much reason for confidence, as is demonstrated by a study made by the German BP [British Petroleum] company. Last October, this oil concern had painted the following picture: If oil imports in the current year of 1980 again increase at the same rate as they did in 1979, whether we want to or not, we must be prepared for economic stagnation. When this study was begun, the price for a barrel of oil was just barely above \$20. In the meantime, however, importers must pay altogether, including purchases on the "spot" market, more than \$30.

Wolfgang Mueller-Michaelis, the "chief ideologist" of the concern, does not like very much to remember his own calculations of 3 months ago because, after all, today it is important that we "avoid painting a black picture and spread at least a minimum of confidence." On the other hand, "I myself don't expect either" that a rise in the real GNP of 3 percent can be achieved; and, furthermore, he admits that he has "the same precarious feeling" that he had at the beginning of 1974, when only a few had noticed that the oil price explosion was about to introduce a painful recession in the industrial countries.

Gernot Mueller of the Economics and Social Sciences Institute (WIS) of the German Labor Union Federation also sees the same trend. "The new surcharges for oil will slow down growth and increase inflation." WSI research scientists, who in December were still predicting for the new year a 2.4-percent increase in the GNP and a 4.2-percent increase in prices, will meet as early as next week to undertake a revision of their former prognosis.

The result is a rare alliance of verdicts coming from unions and concern managers. The withdrawal of purchasing power from private individuals and investment power from businesses should leave distinct traces during this year; at least, they will be deeper than they were in 1979 when the economy, which was already experiencing a dynamic boom, received an additional impetus

caused by the stockpiling of supplies that took place in the entire processing industry. Consequently, the increase in the FRG oil bill by DM 18 billion--which corresponds to approximately 50 percent of the real increase in the GNP--could be absorbed almost effortlessly (see Table 2).

It is certain that employment during the current year will not again rise by approximately 400,000 people; it is certain that the army of unemployed people will increase again. It is unlikely that such a change will be without influence on private consumption. At any rate, those people in Bonn and Frankfurt who are steering the economy and demanding "reason in wage policies" cannot automatically count on the fact that the consumer will again swallow the big increases for gasoline and heating oil without complaints, or be able to swallow them without drastically cutting his spending for other purposes. For gasoline, diesel fuel and light heating oil alone, private households had to "scrape together" DM 65 billion last year, which is DM 13 billion more than in 1978. Decreasing orders with automobile manufacturers and many producers of consumer goods are significant harbingers.

Nevertheless, such gloomy predictions also contain a few rays of hope. Slower economic development caused by the high cost of oil is also resulting in a reduced demand for oil. This, in turn, might contain the price development on "spot" markets and scale down their quotations to the level established for certain quantities by long-term contracts. According to Gottfried von Gossler, chief economic soothsayer of German Shell, who is freely admitting that "I am beginning to wonder, myself, what to do about my heat," thinks that such hope is not out of place.

The latest information seems to confirm this view. Since the winter has been mild to date, the stored oil supplies have remained almost untouched. For the time being, "spot" purchases at more than \$40 are passe. In keeping with that is also the fact that at the present time all oil concerns in the FRG are anticipating no supply problems for the current year--provided that the incalculable fall of an oil-producing country does not occur. Conditions in Iran are certainly creating a framework for such a possibility.

On the other hand, Gossler as well as Thomas Ukert, the Esso representative, admit their concern that "a dratic cutback in OPEC's production is like Damocles' sword hanging over us." At any rate, the possibility must be considered that oil-producing countries--made wiser by their most recent experiences--will proceed to turn off the faucets when there is a noticeable decline in demand. A shortage in supply can be used to keep the prices up, with the additional advantage that their reserves will last longer.

In Ukert's opinion, only one alternative remains to meet this new challenge: conservation. The slogan is: Away from oil. Noticeable successes in this area, however, will not be achieved until some time in the future. Even opportunities pointing to better utilization of traditional energy sources and exploration of new energies, a trend that is pursued continually by the technically highly qualified German industry, will not be profitable until some time far in the future. On a short-term basis the new oil price shock must be seen through.

For the next few months and continuing into the second half of the year, well-filled order books for most of the basic industry and capital goods producers will guarantee some growth, although it will be modest. In this respect, IG Chemi [Chemical Workers Industrial Labor Union] expert Werner Beck agrees with government leaders. But Beck would rather not make a prediction for the entire year; the same applies to Fritz Oschmann, chief of Veba Oil. Nevertheless, Oschmann points to the most recent statement by the IFO Institute in Munich, which is still expecting a 2-percent growth.

Thus, during the second half of the year there will again be a stronger demand for government support of the economy--be it by getting involved in the marketplace or by providing tax relief to stimulate private consumption again. Officially, however, it is still considered almost evil to paint such a black picture, even if one thinks about it only under one's breath.

Table 1. Sources of Oil and Prices

From	Import in million tons 1979	Import in million tons 1978	Share of total imports in 1979 by percentage	Actual price per barrel in U.S. dollars	Increase since Nov 79 by percentage
Saudi Arabia	18	14.6	17	24	33
Libya	17	14.6	16	34.50	32
Nigeria	15	10.4	14	34.48	31
Great Britain	12	6.4	11 approx.	30	15
Iran	12	17.3	11	28.50	21
Algeria	10	9.9	9	30	14
Arab Emirates	8	6.5	7	27.56	28
14 other countries including USSR	16	16			
Total	108	95.7			

Some of the figures for 1979 in both tables have been estimated. There may be slight deviations when compared to the final results.

Table 2. The Oil Bill

	In billion 1979	German marks 1978
FRG crude oil imports	30	20.2
FRG product imports	21	12.3
OPEC income	180	119
OPEC surplus	50	5

Sources: Esso and own computations.

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CSO: 3103

## PARLIAMENT DEFENSE COMMITTEE SHOULD AID RESERVISTS

Helsinki HELSINGIN SANOMAT in Finnish 7 Jan 80 p 2

[Editorial]

[Text] During the decade just ended, our national security policy was characterized by a strengthened military defense and foreign policy achievements. The political leadership has more clearly taken charge of defense policy. In 1975, the second parliamentary defense committee recommended that parliamentary committees should be established to define basic defense policy and functions at five-year intervals in such a way that the planning would go on without interruption.

The cabinet made sure that the planning would go on by appointing the third parliamentary defense committee on December 20. Its assignment is important and timely: "To ascertain the condition of Finland's security policy and to determine the long-range directions of our military defense."

The current European security situation--or the world situation, for that matter--does not come up to the expectations stirred up by efforts at detente and disarmament. On the contrary, many political and military conflicts threaten world peace.

The armaments race and military alliances with opposing strategic interests impose even greater challenges on those decision-makers responsible for the security of the non-aligned nations. It is quite understandable that military leadership is currently pushing an upgrading of land forces as a response to our defense strategy requirements.

Like their predecessors, the third parliamentary defense committee must also consider the economic and social position of draftees. The improvement of their situation so that military service would not impose a financial burden on the serviceman or his family is an important objective to maintain national defense morale. Funding for the maintenance of servicemen serves so many goals that it could well be separated from the actual defense budget.

## POLL SHOWS KOIVISTO GOVERNMENT WAS MOST POPULAR OF 1970'S

Helsinki HELSINGIN SANOMAT in Finnish 7 Jan 80 p 8

[Text] The popular government of Mauno Koivisto (Social Democrat) received better marks in every category than the government of Kalevi Sorsa (Social Democrat) before it in a Gallup poll commissioned by the four largest political parties. The study showed that Conservatives were at least as approving as supporters of the other parties of the government's foreign policy, taxation, employment policy, etc.

In interviews conducted last September and October, the Koivisto government received an overall rating of 6.82 on a scale of 1 to 10. The earlier Sorsa government received a rating of 6.01. Foreign policy, taxation, employment policy, inflation control, agricultural policy, social welfare, and education policy were rated in the opinion survey.

#### Favorable Economic Breeze

This time, all the ratings were above 6, while most of the ratings for the previous government hovered just above 5. The closest ratings were for foreign policy: The Koivisto government rated 7.7 and Sorsa's 7.6.

Increased Conservative satisfaction with the government is demonstrated by the fact that the Conservative average rating was the same as the average of all ratings in the survey. Only the government's foreign policy and education policy were given lower than average ratings.

The four major parties have sponsored the Gallup study since 1973. During that time there have been six governments: The first and second Sorsa majority governments, the caretaker government of Keijo Liinamaa (Social Democrat), the majority and minority governments of Martti Miettunen (Center), and the Koivisto majority government.

In previous surveys, dissatisfaction with the government outweighed satisfaction. From a low in 1977, satisfaction began to rise late in the second Sorsa government and bounced to a record high during the Koivisto government.

The 1977 low can be attributed to economic recession troubles, and the current government's popularity can be explained by a favorable economic situation. Fifty-nine percent of those responding last fall considered that the economy had improved considerably or somewhat last year, compared to 13 percent in 1978. Thirty-eight percent believe that the economy will improve considerably in the future, compared to 37 percent the year before. Faith in the government's employment policy is higher than the previous year:

	1979	1978
Increased employment	36%	22%
Employment will remain the same	44%	50%
Employment will decline	17%	25%

#### People's Democrats Least Satisfied

Of the four parties, the Social Democrats were the most satisfied with the government and the People's Democrats were the least satisfied. Seventy-seven percent of Social Democrats stated that they were "mostly satisfied" with the government, compared to 58 percent in 1978.

Among Center Party members, 66 percent were content, up from 47 percent the year before.

Of Conservatives, who are in the opposition, 57 percent were satisfied, compared with 17 percent in 1978.

The People's Democrats are even less satisfied than the opposition and fall below the 50 percent mark: 49 percent stated they were satisfied with the government, up from 44 percent in 1978.

#### Conservatives And Social Democrats Favored

In the opinion survey, 1,347 people in 105 areas were interviewed. In the survey, party image was examined by asking for attitudes on the parties' concern for the individual, quality of party leadership, social reform, defense, taxation, and employment policy.

The best ratings were given to the Social Democrats and the Conservatives, who also did best in the election. The Social Democrats achieved the highest ratings of the decade in this poll, with the Conservatives right behind, as they were in the election. The Social Democrats were rated highest for social reform, tax policy and employment policy. The Conservatives ranked with the Social Democrats in concern for the individual, and were rated tops in the quality of their leadership, social welfare policy, and for reliability. The Center Party was rated highest in agricultural and regional policy administration.

The image of the People's Democrats had declined and were criticized that their policy is too far to the left and encourages inflation.

	Government Report Card		Ratings given by Conservatives
	1979	1978	
Foreign policy	7.7	7.6	7.6
Taxation	6.6	5.7	6.6
Employment	6.4	5.1	6.5
Inflation control	6.2	5.3	6.5
Agricultural policy	6.7	5.8	6.7
Social welfare	7.1	6.4	7.1
Education policy	6.9	6.2	6.6
Average	6.8	6.0	6.8

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CSO: 3107

## SOVIETS TO REMAIN AT SA 3 MISSILE SITES FOR 1 YEAR

Helsinki HELSINGIN SANOMAT in Finnish 8 Jan 80 p 7

[Text] The transference to Finnish use of the SA 3 air defense missiles bought from the Soviet Union by Finland will be begun today at the Helsinki Anti-Aircraft Defense Regiment in Hyryla.

The missiles were transported by rail to Finland last year, but they have been stored sealed in their containers until now. A group of Soviet technicians from the factory have arrived to break the seals and to supervise the installment of the missiles.

According to Col Kalervo Kankaanpaa, inspector of the air defense, the transference of the missiles will take about 3 months, and altogether about 20 civilian technicians and engineers from the Soviet Union will be involved. A few Soviets will remain in Finland through the entire guarantee period of one year.

#### Hauling Equipment Included

SA 3 is a two-stage area defense missile that uses solid fuel and is intended to attack high-flying targets. In addition to the missiles themselves, the weapon system includes fire control instruments, hauling trucks and trailers for transfer of the platforms.

According to Colonel Kankaanpaa, the number of the procured missiles is "the smallest possible" to provide for effective training. Before the delivery of the missiles, a group of Finns have been getting operational training in the USSR.

Hyryla, where training will take place, will be the permanent site for the SA 3 missiles, usually called it-missiles (air defense missiles) in Finland. According to Kankaapaa, it is, however, possible to transfer the missiles to anywhere in the state for instance for the purpose of war exercises.

### Target Defense Lacking

There are no immediate plans of procuring permanent it-missile protection anywhere else but in the Helsinki area according to Kankaanpaa. At the same time, though, he points out that the Third Parliamentary Defense Committee is starting its work this year and that the Armed Forces hope to get also target defense missiles.

In addition to the now procured area defense missiles, the Armed Forces have also Soviet-made close-range missiles, one-man weapons that are launched from the shoulder and carry only a few kilometers. Target defense missiles would bridge the gap that air defense artillery now attempts to fill.

There have been earlier purchases of missile weaponry from the Soviet Union, for example for the Naval Force, which now has five missile ships, each with four sea target missiles.

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## SOVIETS CUTBACK ON NATURAL GAS DELIVERY

Helsinki HELSINGIN SANOMAT in Finnish 10 Jan 80 p 24

[Text] Lappeenranta (HS)--The USSR is having difficulties in delivering natural gas. Because of this, Neste Oy has had to restrict its sales of gas to the consumers. On Wednesday, certain South-Karelian and Kymenlaakso industrial establishments had to resort to using their reserve fuels.

Chief of the natural gas distributing system Kiehuva's control station, Erkki Heikkinen, reported that the Soviet gas deliveries are at the moment at the very low limits of the agreements. The range of fluctuation is plus/minus fifteen percent according to the agreements.

The gas consumer demand is about 3.3 million cubic meters a day. However, only 2.6 million cubic meters are being received, which is why Neste started restricting deliveries to the consumers on Wednesday.

In the first phase, the restrictions were confined to the consumers who have the greatest preparedness to transfer to the use of alternate fuels according to Heikkinen. He stated that in the future the intention is to vary restrictions daily on the basis of agreements with the users.

The first ones on the restriction list on Wednesday were Tampella Oy, Enso Gutzeit Oy, Kymi Oy and Joutseno-Pulp Oy.

The Inkeroinen plant of Tampella had complete interruption of gas delivery and transferred to using coal. As a rule, the factories have substituted oil for the insufficient gas supply.

#### No Official Reason Announced

The Soviet Union has given no official reason for limiting the gas supplies. The experts suspect that the cutback is due to both the Iran and Afghanistan situations. The Soviet Union has been buying about 10 billion cubic meters of natural gas from Iran a year, and about 3 billion from Afghanistan. The Soviet Union is now receiving about 3 billion cubic meters from Iran, but the Afghanistan deliveries have been completely discontinued.

There have been difficulties also earlier in getting natural gas to Finland. The reason has normally been the increase in consumption in the Leningrad area due to severe cold weather. This has resulted in a lowered pressure in the pipes to Finland, and that again has led to restricting the consumption.

According to Heikkinen, it is not a question this time of technical problems, because the pressure in the pipes is normal. According to him, technical problems should not occur any more, because a new gas pipe has been installed that brings gas to Leningrad region from the Siberian natural gas fields.

According to Heikkinen, supply restrictions of the gas are problematic especially if they occur in the winter when the consumption is at its highest. He estimated that the present restrictions will continue at least through the first quarter of the year, that is to the end of March.

Heikkinen says that the gas delivery on the yearly level will be according to the agreements. Neste Oy has this year made an agreement with the Soviet Union to buy 1.05 billion cubic meters of gas. Last year, the consumption was slightly below the agreed-on one billion cubic meters.

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CSO: 3107

**FREE PORTS AT LOVIISA, KOTKA FAIL TO ATTRACT BUSINESS**

Helsinki HELSINGIN SANOMAT in Finnish 7 Jan 80 p 19

[Text] New freeports on the eastern end of the Gulf of Finland have gotten off to a slow start. The freeport at Loviisa handled only one percent of the total traffic through the harbor, while the Kotka freeport handled only one-tenth of one percent of Kotka harbor traffic.

The lack of success is attributed to problems associated with breaking in the new facilities and partly to the needless competition between Kotka and Loviisa. Experts say that one of the two freeports, which are only 40 kilometers apart, is unnecessary.

Loviisa got off to a late start in the development of its freeport. The city was granted a permit to establish a freeport back in 1971, but the project did not get started until 1978. The city did not get started earlier because, until about 1975, the funds went to cover cost overruns from the construction of Imatran Voima's nuclear power plant.

**Freeports Completed Simultaneously**

Late in the 1970's, Kotka became interested in a freeport at the same time that Loviisa was rearming its own plans. Year before last, both cities completed work on their freeports within a few days of each other. The Loviisa freeport handled 3,000 tons of the 400,000 tons which moved through Loviisa harbor. Loviisa harbor master Peter Jansson says that there were plenty of patrons, but the amounts were small.

According to preliminary reports, approximately the same figures were tallied up at Kotka. Since there is ten times more traffic at Kotka than at Loviisa, the significance of the freeport is almost nil.

**Other Freeports Keep Up**

Last year's combined traffic in the Kotka and Loviisa freeports was only one-twentieth of the shipments through the freeports at Turku or Hanko, both of which handled approximately 100,000 tons last year.

In addition to the facilities at Turku, Hanko, Loviisa and Kotka, there are also freeports at Helsinki, Lappeenranta and Oulu. The busiest ones are at Turku, Hanko, Helsinki and Lappeenranta. The inland freeport at Lappeenranta is supported primarily by rail shipments of exports and imports to and from the Soviet Union.

The growth of freeports last year was generally slow, due in part to very active foreign trade. Importers were too impatient to use the freeport facilities but sent their shipments directly to brokers or customers. Transit shipments of iron constitute a substantial part of the traffic through Loviisa and Kotka. Iron shipments through Loviisa are still difficult because the railroad to Loviisa harbor will not tolerate full car-loads, which has worked in favor of Kotka.

A possible factor in the low traffic flow through the Kotka freeport may be the city's ownership of the facility. The freeport will be incorporated next spring, and there are hopes that the new owners will be more enthusiastic.

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CSO: 3107

## COMMENTS ON ARMY'S REORGANIZATION PRESENTED

Paris LE MONDE in French 27 Dec 79 p 10

[Text] The reorganization of the 11th Airborne Division, which takes the form in particular of the disbandment of a regiment of conscripts and emphasis on professionalization, and the recent creation of the III Army Corps in the Paris region, which entails the dissolution and transfer of units, are evaluated in various ways in the army.

These decisions are part of a planned reorganization of the entire French Army, owing to the initiative of its Chief of Staff, General Lagarde; it is scheduled to be completed in 1980, at least as far as the very structure of the new armored and infantry divisions of the active forces is concerned. The equipping of these units, in turn, is being programmed to stretch out over a longer period of years, and finally, the mobilization plan of the reserve forces, even though it has been decreed, has hardly begun to be applied.

The reader will find here on these subjects the comments of a high ranking officer on active duty and those of a former conscript, once a paratrooper and now a militant of the PCF, both of whom we have decided to keep anonymous, but whose comments seemed to us to reflect the opinion of civilian and military circles worried about the consequences of the reform in progress.

## Acrobatics and Waste

From an active-duty high-ranking officer who shall remain anonymous:

For too long a veritable media blitz has been vaunting the merits of the reorganization of the army. In the past there was chaos...henceforth there shall reign order and prosperity! The complicity of some, the ignorance of others, the indifference of the great majority, confirm what, after all, is merely an illusion. In the absence of an in-depth analysis and some

painstaking experiments, a diagram drawn a priori has been put into practice ambiguously. An inexorable process has been unleashed with a rigor and a stubbornness which only gain in emphasis as the deadlines approach. Not much of all that is serious for those who know how to observe and judge. The test of truth will inevitably come and put an end to this enormous bluff and the recovery will be all the more difficult the later it comes.

Initially, a complete confusion which generated new constraints for the cadres and useless expenditures for the budget, whereas a few measures to balance things off would have sufficed. It was necessary, they said, it would not take long.... And now, even before an improvement or a saving has appeared, on with the reorganization! No one understands, but everyone is supposed to believe. Why this III Army Corps, formed suddenly without any convincing operational justification having been formulated and whose establishment entails another series of Brownian movements and expenditures? Why these repeated blows directed at the 11th Airborne Division: liquidation of its brigades, elimination of one of its best regiments...and who knows what else tomorrow, even though the paratroopers did not have the impression that they deserved it? Really, one cannot remain indifferent and silent in the presence of such acrobatics and such waste: one cannot permit such falsifications of the truth to exist any longer. It is a serious matter, for it is a question of the very substance of the army.

#### In the Middle of a Magic Act

The formation of the III Army Corps is due essentially to the dissolution of two combat regiments, which must give way to command units. And they would like the victims of the operation to be satisfied because the flag of the 23d Marine Regiment was transferred to Dakar, because the number of the 9th Hussards Regiment was changed so that the 2d Hussards could artificially be recreated at Sourdun! The formula having been judged conclusive, they are preparing to dismantle the 1st Airborne Infantry Regiment at Pau to merge its remains with the 9th Airborne Infantry at Toulouse, then rebaptize the latter the 1st Airborne Infantry and, finally, transfer it to Pamiers! We are in the middle of a magic act, but the trick is not working any more.

As seen from Paris, in the plush surroundings of the big staffs, the obliteration of one regiment after another is of secondary importance: who cares about the dislocation of crews, the breaking of moral contracts, the chain of transfers; who cares about the elimination of a unit which offered to the young conscripts an invigorating environment and reasons for believing in military service. In the field it has really hit hard. In their minds the reaction is, "I've had it up to here." For military opinion as a whole--for it does exist--it is a low blow prepared in the shadows, with the middle of the chain of command presented with a fait accompli and asked to pronounce judgment for which there is no appeal.

### At an Impasse

The reasons? Those, however mediocre, of the military's bookkeepers who govern everything: some "fat-trimming," as they say. To increase the strength of the budget a bit or according to their jargon, plug the holes as they appear. Let there be no more talk of plans...it is no longer even a question of a visual flight plan. For the truth is really the following: the army is up against an impasse. The diagram into which it is intended to fit is based on false calculations: expectations having nothing to do with operational needs, a method of financing that does not work, that cannot work, despite the favorable development of the budgets. Instead of this superficial reorganization they keep throwing at us, they should have attacked the real problems in order to improve the command structures--starting with the central administration--and the support system, to make everything disappear that is useless or a duplication, to consolidate and develop everything that is essential. They prefer the easy way because they lack the courage to attack the citadels that are the big well-entrenched organs.

Besides, it is the fault of the government: it is easy to say and is often said. Was it not the government who imposed on the army a 7 percent reduction in force? So, it is the troops that have to pay! When it has been stated for 4 years that one does better with less, would they dare to post the proportion of officers who are assigned to the general staffs and which ones to the ranks? This would cheer up the members of the 1st Airborne Infantry. Truly, in this army the future does not belong to those who actually carry weapons.

This game winds up being absurd: the cultural revolution has lasted long enough and it is time to return to realism and serenity. This is especially what the soldiers need. Let us be careful, by dint of incoherence, not to jeopardize the cohesion of the army. To treat people in this manner is not the best way of rousing their enthusiasm and retaining their backing.

### An Alarming Process

From a former paratrooper, militant of the French Communist Party (PCF), whose identity we have chosen not to reveal:

Who has paid attention to the announcement of the disbandment of the 9th Airborne Infantry Regiment of Toulouse, one of the three regiments of the 11th Airborne Division, spearhead of the "foreign intervention capabilities?" At the most they said to themselves: here are 1,200 servicemen of the call-up who will no longer sweat blood under the red beret. Myths have tough skins. It would have been no different in my case if it had not been that I performed my military service (class of 76/10) in the ranks of one of the other airborne regiments, the 1st Airborne Infantry Regiment.

In these units the service has remained entirely positive. Not only for its free and serious initiation into a sport which many of us will continue to practice in its civilian version, sky-diving, but especially for having acquired there that which is the right of all citizens called upon to serve their country, a right scandalously scoffed at today for the majority of them, and yet which alone can justify "a 1-year tax": true military training which has made us capable, heaven forbid there should be a need, of defending our country from any aggressor whatsoever.

Furthermore, we were paid decently, approximately three times the norm, that is, a minimum to be independent of family resources and of personal savings. This explains the massive overrepresentation of "rejects" from the high-unemployment areas of the North and East of France, mostly from the working class. In any case, there was not a single one of those short-haired homesick boys among us. A particularly high level of motivation swept us along, which would explain the fact, demonstrated and recognized during many exercises and maneuvers, that our company was considered among the best of the 11th Airborne Division and could teach the professionals a thing or two.

A positive experience, therefore (I did not say "thrilling"), which makes a case for the possibility and the necessity of a radical rejuvenation of the national military service. But, far from making up "pilot" units in this regard, these few regiments, in which the conscripts were not being used as flunkies of all sorts or crewmen for equipment lacking motor fuel or ammunition, are being disbanded one by one by Giscard d'Estaing with a disquieting stubbornness. The disappearance of the 9th Airborne Infantry Regiment, the recently completed professionalization of the 3d Airborne Marine Regiment, that in progress of the 21st Marine Regiment, the exile of the 1st Airborne Infantry Regiment, which will leave Pau for Pamiers, a prelude to its disbandment, which has for years been the subject of persistent rumors all through the 11th Airborne Division; all of this means, therefore, that the reduction of 20,000 positions for draftees called for by the 1977-1982 military programming law affects those that remained of interest from a qualitative and financial point of view.

Now, this fact is far from being the only alarming one in the process of reinforcing the intervention forces and making increased use of them.

#### A Context of Crisis

It is clear that by increasing thus the proportion of volunteers in the 11th Airborne Division and 9th Marine Division, Mr Giscard d'Estaing wants to have at his disposal an increased number of men capable of being used in military operations without the consent of Parliament. Has anyone noticed that these strengths are, in the official balance sheet, underestimated? For example, the review ARMEES D'AUJOURD'HUI, in a document devoted to the capabilities of actions abroad (March 1979), took account, in its summary chart, of only the two big divisions noted above, failing

to mention independent units such as the 13th Airborne Dragoon Regiment, the 2d Airborne Marine Regiment (stationed on the Island of Reunion), the Groufumaco\* as well as the Operational Group of the Foreign Legion, that is, thousands of men who are serving mostly overseas.

Much was said at the time of Kolwezi of the high operational level of these elite troops. Is it generally known that it is acquired at the expense of overtraining which utilizes methods of instruction far superior to those available to traditional units? That was true of our regiment and explains in part the quality of service we performed. But in the heart of the 11th Airborne Division the disproportion of methods exists equally among volunteers and conscripts. For example, the operational paratrooper course of the airborne troops school (a 4-month course) was closed to conscripts on the pretext of profitableness, when the legionnaires of the 2d Foreign Airborne Regiment profit from double specializations (for example, operational paratrooper and combat driver), both of a high level and, therefore, very costly. Another example: the number of jumps made per year by conscripts continues to drop, whereas that of the volunteers remains very high.

All of this could be of little importance if a general context of crisis did not exist in our national defense. Everything is happening as though the accelerated improvement and reinforcement of the tool of foreign intervention were going on at the same time as a decline in the traditional forces. Everyone noticed on his television screen the appearance of the new Famas 5.56 rifle, the "Clairon," in the hands of the paratroopers of the 3d and 8th Airborne Marine Regiments sent to Bangui. But is it known that this same rifle was not officially presented to the army by General Lagarde until more than 2 months after the intervention? On this occasion, the announcement was made only so that all of the 11th Airborne Division would be the first to benefit from this new weapon. This favoritism did not start yesterday. It was the same for the Milan antitank missiles, the 89mm Strim rocket launchers, the 20mm recoilless rifle.

More recently the perfecting of the technique of "sequential" navigation for transall aircraft, the production of 25 new craft of this type, the announcement that two flying command posts confirm this considerable reinforcement, which is disturbing in that it is operating to the detriment of the rest of the army.

#### Some New Hypotheses

All the more in that these forces with the increasingly accelerated specialization they receive are less and less trained to carry out one of the theoretical aspects of their mission, that of territorial defense within the framework of the 1st Army. For example, our company was never trained in the use of individual protection equipment against a nuclear attack.

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\*In question here are the six commando units, at Lorient and Toulon, which make up the group of marine commandos (GROUFUMACO) of the navy.

Mr Giscard d'Estaing appreciates his "troopers," that is certain, to the extent that he would like to have some on the steps of the Elysee, judging by the reorganization he personally wished for (LE MONDE of 17 October 1979) of the 1st Infantry Regiment of the Republican Guard, whose members henceforth will be commissioned as paratroopers and given appropriate training.

The evolution of the capabilities of foreign actions since its inception and the resulting consequences are alarming. The creation of an airborne operational group (GOP), which is tied in with the reorganization of the 11th Airborne Division, is the equivalent of setting up an oversized tool in relation to the traditional needs that have appeared heretofore in government policy. The Guepard alert and intervention system was functioning at the regimental level: the experience of Kolwezi proved, if it needed proving, that it was sufficient to face traditional situations. The regrouping of the three regiments of volunteers in this GOP imply the appearance of new hypotheses in the doctrine of utilization.

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## FRANCE-PRC SCIENCE COOPERATION ADVANCES NOTED

Paris AFP SCIENCES in French 20 Dec 79 p 1

[Text] Peking--Scientific agreement between France and PRC in the field of geology--at the end of the China visit by Mr Pierre Aigrain, state secretary for research, a France-PRC scientific cooperation agreement concerning geology was signed in Peking by Mr Aigrain and Chinese geology minister, Mr Sun Daguang.

Mr Aigrain stated that, according to this agreement, next year France and PRC will undertake some large scale tectonic exploration expeditions on the north slope of the Himalayas. The accord also provides for various mission exchanges and joint research.

The state secretary told AFP SCIENCES that there will be three consecutive annual summer expeditions. About 60 microseismology stations will be placed along the entire length of the Chinese slope of the range. Each team will include 20-30 French scientists. The purpose of these experiments is to observe movements caused by the thrust of the Indian subcontinent plate, lifting the southern edge of the Asian continental plate at the point where they meet, the Himalayas.

An international colloquim on the Himalayas will be held first at Peking in May 1980, following which the French scientists will make a first field trip to reconnoitre the terrain.

Geology, recalled observers, is one of the key areas for the development of scientific research in China, where enormous resources in the subsoil still remain to be discovered and analyzed.

Beforehand, Mr Aigrain was received by the Chinese vice prime minister, Mr Deng Xiaoping, on 14 December. During the chat, the latter especially emphasized Chinese needs in scientific matters, and considered that China now was filling the gap opened during the previous years.

The state secretary observed that his conversations with Mr Fang Yi (see AFP SCIENCES No 197, p 1) and Mr Deng Xiaoping had forwarded the progress of the French-PRC cooperative projects, especially in the areas of scientific instrumentation, medicine, biology, and agronomy. Preliminary drafts of oceanography projects have also been considered.

Mr Aigrain asserted that he was impressed by the quality of the research being conducted by Chinese scientists in the many facilities which he visited during his Chinese visit, notably the South China Sea Institute of Oceanography at Canton, the institutes of optics, technical physics, bio-chemistry, and silicates at Shanghai, as well as some hospitals and some factories with precision machines.

Mr Aigrain returned to Paris 16 December.

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## MOLYBDENUM SHORTAGE SEEN DEVELOPING

Paris L'USINE NOUVELLE in French Dec 79 pp 72-73

[Article by Jean Roume: "Molybdenum: Another 'Titanium Affair'?" ]

[Text] It is now molybdenum which is becoming rare and whose prices are in ferment. A shortage lasting several years is to be feared in the mechanical, automotive, and chemical fields. Are there ways of reducing French consumption, and will these ways be found in time?

As often happens, nobody wanted to believe the worst at the beginning of this year. Yet, such respected institutions as the U.S. Bureau of Mines or the British Commodity Research Unit (CRU) had sounded the alarm. These organizations concurred in their opinion that "world molybdenum production will not be able to keep up with a demand which will go on increasing by 6 to 8 percent per year, even if recession in the western world continues. A relaxation of the market does not appear possible before 1983 or even 1985, because the first production surpluses will be devoted to re-stocking."

Furthermore, during the first half of the year, there was a lengthy strike at the Endako Mine belonging to Placer Development, a Canadian company; there was also a cave-in which stopped production at Climax Molybdenum in New Mexico; and there were reductions in the output of copper mines which yield molybdenite as a by-product.

Skeptics had the excuse that for many years, molybdenum was a "stable" metal, and that it was inconceivable for it to become anything else. For a very long time, its main problem has been to avoid a drop in selling price through a major effort to promote new markets. Ground reserves are plentiful, and active mines, unlike many other "strategic" metals, are mostly located outside the Iron Curtain or developing countries. Finally, the American group Amax has pursued a steady policy of "head of the family" management in the face of its responsibility as the western world's foremost producer. It was only recently that John W. Goth, in charge of molybdenum and other alloys at Amax, indicated in London that his group "owed no apologies to users." Its production has doubled in 10 years and

now amounts to some 40,000 tons per year. The giant Henderson mine, in the U.S., opened in 1976, would represent an investment of 1.25 billion dollars today!

#### Major Producers Judged "Irresponsible"

According to the Amax executive, "the mine will achieve full production next year, and there is an active effort to open new mines which will further increase present production by 50 percent within five years." Still according to him, the present shortage is due to a slow-down in copper-associated molybdenum production. This production represented half the world supply before 1976, and accounts for only about 40 percent of it today, because of the reduction in copper mining activity.

Within a year, supply problems have created extensive price disturbances. At the beginning of the year, major producers began to supply their important foreign customers in a ratio of 90 percent at the official export price and 10 percent at the "free market" price.

Some of them are currently delivering on a 50/50 basis; some users have already entered their orders on contingency, being unable to obtain molybdenum even on the "free" market. The attitude of major producers is becoming "irresponsible", in the current opinion of one steel manufacturer.

#### Who stands to be affected by this situation?

The largest portion of molybdenum applications is in metallurgy, and its uses are on the increase, because the major property of this metal is to improve the quality of all steels: machining, elasticity, resiliency, suitability for forging, weldability, corrosion resistance, and so on. This is not only true for high-alloy steels where it makes it possible to save tungsten and nickel, but also in the case of lower alloys, between 0.2 and 0.5 percent, for a very wide range of construction steel in the automotive and mechanical industries (Afnor CD Steels).

Among other things, the weight reduction for automobiles, dictated by the petroleum crisis, will involve the use of new, higher performance steel formulas (HLE, HSLA, or bi-phase), but these will have a high molybdenum content. This metal is alloyed in the steel used for pipelines, where it prevents the onset of brittleness brought on by cold temperatures in arctic zones: it is said that 4000 to 6000 tons of this metal would be used in an Alaska-U.S. gas pipeline now being planned. It is not likely that American mines would be able to produce this quantity without reducing their exportations by the same amount, thereby bringing the rest of the world's supply problems to a critical point.

On-metallurgical uses of molybdenum, while less important in terms of tonnage, should also be mentioned. In chemistry, for example, this metal is used for "doping" lubricants and it is an irreplaceable component in catalysts for chemical and petroleum reactions.

Table I. Disturbances in Ferro-Molybdenum Prices  
(In Dollars per Kilo of Molybdenum Content)

1979	Sofrem (France) (F/kg Mo)	Intérieur USA		Export USA		Export Canada	Export Chili	Marché libre (B)
		(A)	Amex	Duval	Amex	Duval	Noranda	
1-1	89.94	14.08	15.06	17.00	17.90	17.81	17.68	43.60
1-3	—	—	—	—	19.70	—	22.98	46.36
2-4	105.00	14.41	—	19.53	—	20.00	—	57.40
1-5	—	—	15.96	—	24.84	—	—	62.91
1-6	141.35	—	—	23.94	—	25.15	—	78.16
1-7	—	14.75	19.09	—	28.57	27.75	29.00	70.64
1-10	145.60	15.08	—	—	—	—	35.00	64.02
1-11	—	18.54	23.51	—	—	—	—	57.40
8-11	—	—	—	—	—	—	—	53.00

Key:

(A) Domestic (U.S.)

(B) Free Market

Priority Objective: Promoting Recovery

Philippe Bautin, whose special responsibility is the metallurgy section at the Department of Materials Conservation of the Ministry of Industry, did not conceal the seriousness of the problem in France: "The authorities are aware that they previously underestimated the vulnerability of some importations of crucially important metals, such as titanium and molybdenum. This was because the amounts involved were small compared to ordinary metals -- 200 million francs in 1978 for molybdenum -- and because these metals are basically supplied by friendly countries such as the U.S., England, or Japan. The problems concerning future French requirements for raw materials have been re-examined and initial remedial steps are being taken."

The case of molybdenum is included in this, and its statistics are more readily accessible. France used 6100 tons of this metal in 1977, of which 2110 tons were derived from recycling high-content scrap iron (F 17 principally). All supply and utilization locations are being carefully reviewed, not only by government authorities but also by private or joint research organizations associated with molybdenum-steel producers and users (Irsid, Cessid, Cetim, Adetief, and so on.)

Table II. Molybdenum Figures

Known World Reserves (Per Thousand of Mo Content)

Pure molybdenite:	
United States	2150
Canada	172
	2322 (27%)
Copper-associated:	
United States	1650
Canada	578
Chile	2416
Peru	230
USSR	1000
Asia	250
Miscellaneous	165
	6289 (73%)
Total	8611 (100%)

(Source: METAL BULLETIN).

World Production (Excluding Eastern Countries)  
(Estimated Tonnage for 1977)

Based on pure molybdenite:	
United States	37,650
Canada	6,800
	44,450 (55.7%)
Based on associated molybdenite:	
United States	16,800
Chile	11,000
Canada	6,800
Miscellaneous	800
	35,400 (44.3%)
Total	79,850 (100%)

(Source: METAL BULLETIN).

Principal Uses (in % of Total)	1966	1971	1976
Construction steels	44	45	50
Stainless steels	15	20	21
Tool steels	9	11	7
Foundry	11	6	6
Sub-total	79	82	84
Super-alloys	6	5	4
Mo metal	5	4	3
Chemistry and lubricants	6	8	8
Miscellaneous	4	1	1
Total	100	100	100

(Source: AMERICAN METAL MARKET).

Their first results will be examined this week by the Commission for Development of Strategic Materials Usage, as part of the Colloquium on Raw Materials Conservation, which is being held in Paris under the sponsorship of the Ministry of Industry. Three main topics will be discussed: conservation of alloys; possible substitution of plastics; and promotion of recovery.

Michel Hervieu, president of Eurecat Company, will show, for example, that this last topic has further potential. Established one year ago, the company began last May to use a new hydrometallurgic process to treat used petroleum catalysts in order to extract their molybdenum and cobalt.

In 1980, Mr Hervieu hopes to salvage some 100 tons of these two metals and to create 20 to 25 new jobs. And, he commented, "this is only the beginning. What we are seeking is long-term practice on a European scale. We are currently perfecting a tungsten recovery process."

#### Developing Overall Strategy

Philippe Beutin remarked that "years and not months will still be required to obtain lasting and significant results. These are being insistently demanded by non-ferrous metal producers and users, and awaited by government authorities as well. The Raw Materials Commission of the Eighth Plan is now at the crossroads of all current problems. Notably, it has recently suggested that negotiations should begin with friendly countries, in order to consolidate our supplies of materials such as molybdenum and titanium. This is in keeping with its role which is to develop an overall strategy for the next five years, a role which has been assigned priority by the government."

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## ANTI-MAFIA STRATEGIES RECOMMENDED

Naples IL MATTINO in Italian 27 Dec 79 p 7

[Article by Nicola Ferri: "New Strategies Against the Mafia"]

[Text] It is well known that the notorious Italian-American gangster, Al Capone, who was a first-magnitude star in the firmament of organized crime in the United States for many years, was put behind bars in Sing-Sing not for the Valentine's Day Massacre or the many other murders he was accused of but merely for tax evasion. Moreover, surveillance of economic activity as a means of investigation in combating criminal associations, especially those of the Mafia, has always been widely used in the United States, where the "great families" reinvest in legal businesses the enormous profits reaped from gambling, prostitution, narcotics, and protection rackets. (It is calculated that two cents of every dollar spent by Americans goes to lobbies controlled by Mafia groups.) Just recently, the Carter administration sent to Congress a bill that would have a certain company prove that its investments are being financed by money legally obtained.

Mafia operations have reached vast proportions in Italy for many years now. They have extended to the wealthy regions of the North through the forced emigration of small- and big-time members of the Sicilian and Calabrian wings who had been assigned forced residence in Lombardy, Piedmont and Liguria by interim court decisions. Despite this, people were inexplicably late in understanding that an effective response to this kind of criminal behavior had to be made on two levels: the creation of a specialized investigative arm dealing exclusively with the Mafia network, and the establishment of a system of preventive and suppressive measures aimed at all suspect activity (especially by people using aliases and go-betweens) by people suspected of belonging to Mafia organizations.

As for the first, we are still at year zero. In the United States, a "strike force" has been operating in 12 cities since 1967; in Italy, special police units not only do not exist, but there is no cooperation among the various prosecuting branches of the government in Mafia cases.

As for the second, the lack of specific action is worsened by underutilization of existing investigative units (like the Finance Guard, which has highly-trained professionals) in tracking illegal Mafia-connected financial dealings. However, beyond changes in common police work and the improvisation of some economic strategies, tax investigations must be undertaken to uncover cases of large-scale tax evasion; but it is well known that combating tax evaders is a losing proposition in general terms, and it is no wonder that it has not been used in dealing with the Mafia. (A Calabrian judge recently found that the Mafia has its own tax system based on quotas and bonuses, and no "contributor" managed to escape it.)

Recently, however, the government launched some legislative initiatives that go in the direction repeatedly indicated by the most attentive observers of Mafia power and, for that matter, proposed by the parliamentary investigative committee.

The decree of 15 December 1979, No 626, establishes the national committee for public order and security, which will assist the minister of Internal Affairs in his supervisorial and coordinating functions, as well as a central office for planning and coordinating police efforts.

Secondly, article 13 of the decree of 15 December 1979, No 625, provides that anyone making bank deposits or withdrawals over 20 million lire shall be identified and registered. The decree states that the rule is due to the belief that ill-gotten gains from kidnapping, false imprisonment, fraud, and other crimes have been hitherto protected by banking operations, which criminals have taken advantage of to launder their money and send funds out of the country.

Finally, in a bill approved by the Council of Ministers in its session of last Thursday, a clause was inserted allowing judges to impose a high bail deposit on people subject to forced residency; violation would incur confiscation of the deposit. But the most important innovation in this bill is the possibility for magistrates to proceed to sequester and confiscate the property of suspected Mafiosi when the legitimacy of the property's acquisition is not demonstrated.

As can be seen, this is a start, though a late one, toward cutting the Mafia's nerve centers, which have become so widespread and powerful as nearly to nullify the impact of the preventive measures in the 1956 and 1965 laws.

Of course, no one has any illusions that the balance between the government and the Mafia can change through improvisations; it can only be using more modern methods of investigation and suppression. But making sounder investigations, coordinating action, and cutting off the Mafia's wealth through confiscation, if these are carried out, may constitute a qualitative leap forward in the long struggle against one of the most terrible causes of degeneracy in our social structure.

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CSO: 3104

**OPINIONS BY POLITICIANS, UNIONISTS ON POLICE UNION****Disagreement on Police Union**

Rome IL TEMPO in Italian 9 Jan 80 p 2

[Text] In Belluscio's opinion it is a serious act to try to force parliament's hand.

A statement by the Honorable Mammi causes perplexity and reservations.

The first reactions to the decision of a committee of unionists of the three confederations to "approve a procedural document" of the PS [Corps of Public Security Guards] were not long in coming.

Oscar Mammi, chairman of the Interior Committee in the Chamber of Deputies, said that the committee "is accelerating its meetings, even to the extent of having evening sessions, with the confidence that an advance examination of the plan will provide a solution to the matter that will respect the will of parliament. The decision of the unions," said Mammi, emerged at a time of inertia with respect to legislative activity, which the present situation has removed." Even if the examination of the government's reform plan is not approved by the month of February, it will thus be advanced, said the chairman of the Interior Committee, "which will make it possible for the unions to come to opportune decisions."

The statement of the PRI [Italian Republican Party] parliamentary representative, which seems to support the possibility of the unions' preceding the law, caused perplexity and reservations in parliamentary and juridical circles.

A clear disagreement on the new police union "statute" was expressed by Costantino Belluscio, social-democratic deputy and manager of the magazine, ORDINE PUBBLICO [PUBLIC ORDER]. Belluscio said: "This is the first time that the PS reform has taken the right road toward rapid parliamentary approval. But I still have reservations concerning certain actions, like

approval of the statute, that aim to force parliament's hand which furthermore, in my opinion, do not meet with much favor with rank and file policemen. In short," said Belluscio, "once more Lenin's old saying that cautioned one not to cause fear uselessly is valid."

But the trade union federation, which includes the CGIL [Italian General Confederation of Labor], the CISL [Italian Confederation of Labor Unions], and the UIL [Italian Union of Labor], continues to go forward in its attempt to take possession of the police union. Agostino Marianetti, deputy secretary general of the CGIL, believed it opportune to maintain that the unitary federation "cannot renounce the idea of the association of the police union with the CGIL, CISL, UIL federation: any deviation in this sense is unconstitutional and unacceptable."

The attempt to impose on PS members, as if they were workers who are "equal" to all others, a political-type organization integrated with the left continues without interruption. Marianetti maintained that "furthermore autonomy on the part of a police union in our federation is out of the question, as is also its qualification regarding self-renunciation of the right to strike, with the statutory choice of having only members of the police corps as directors, of having a "vertical" union, that is, one that includes all vocational persons, without fragmentation by grades, titles, and duties, which generally are sources of ungovernability, a corporative system."

Marianetti concluded by saying: "No one can accuse us of irresponsibility because we are acting. Irresponsibility lies in the fact that the government and political forces are dragging the matter out, thus prolonging a state of uneasiness and of difficulty among the policemen, in spite of the activity and the fresh outbreak of terrorism, which should induce speed and serious decisions."

Trying in all ways to impose a constraint against the spirit of the PS reform law and against the directions of parliament and of the government obviously do not constitute an act of irresponsibility in the eyes of Marianetti.

#### Two Weights, Two Measures

Rome IL TEMPO in Italian 10 Jan 80 p 17

[Article by Virgilio Fichera, of the National Executive Office for Studies Regarding the Autonomous Police Union]

[Text] The survival of the autonomous police union will depend in large measure on the correct solution that the legislator in the near future will

give to the matter of creating institutional mechanisms that will make up for the responsible renunciation by all policemen of the right to strike.

In equally large measure the same survival will certainly depend on the means that we will "now" be able with all urgency to find in order to counteract the massive, illegal union enrollment of policemen planned by the CGIL-CISL-UIL with the legal alternative of an autonomous pre-union statute aimed at reform.

In both cases the activity that should guide the legislator and the citizen should not deviate from the correct application of the principle that the strength of a union must reside only in its representation (number of adherents) and not in the wealth of means which a union (one that is associated with The Three) can boast of at the outset over the other (the autonomous one). The unconstitutionality of this inequality (in existence at present) should be completely obvious. The truth is that both the autonomous union and the one that intends to associate itself with The Three have renounced the right to strike. But it is obvious that if the reform law does not provide (and the one proposed by the government--in spite of our specific instructions--has not done so) means, not conflictive, but effective as substitutes for that renunciation, the result will be that the two unions will not fight on equal terms, because the right to strike that The Three will realize in behalf of the police union that is associated with it will be to the advantage of one of them.

The so-called strike "through the medium of a union" will thus result in a "verdict" in favor of only one of the unions, if the law does not limit the aberrant effects by instituting for all unions without differentiation those means which--as a substitute for the right to strike--nevertheless make it equally possible to attain union aims independently of any outside support. We autonomists have clearly indicated these means and have placed them at the disposal of all future police unions.

Specifically, they are:

1. The so-called institution of the "amenable counter-party" which, limiting the powers of the governmental side with respect to the union side, will somehow compensate for that excessive imbalance in strength that has come to exist between the two sides as a consequence of the renunciation of the right to strike;
2. The creation of an arbitration group, but not--as proposed by the governmental law--one that is composed solely of high ranking, even though qualified, governmental officials who, as such, are much closer to the administration's side and far removed from the union's side.

If The Three then strike for the police, at this point it becomes quite pleonastic, and consequently a police union that associates itself with

them represents a "regular," even if very questionable, ideological fact, but devoid of very great practical results.

Nor is there any value in the government's proposal to prohibit association with The Three and to grant autonomy, if then the union that is inspired by this concept is left devoid of any autonomous contractual capability, while in any event The Three are not prevented from striking in favor of the police union which—while not a formal adherent (prohibited) establishes substantial relations with them on the sly.

In this way—it must be clear to the citizens—the CGIL-CISL-UIL become the only repository of contractual strength for all police unions, with the result that those that do not intend to associate with them, either openly or secretly, will be overwhelmed.

In France, where this has been understood for some time, with the prohibition to strike there is full union freedom. Well, because of freedom of choice without any impositions, 83 percent of French policemen belong to a big autonomous police federation, called the FASP [expansion unknown]. The same is true in all West European countries. In order to belong to an international organization of European police unions (UISP), real autonomy of the unions of the various countries that request participation is an essential requirement. There is no doubt that European union philosophy favors absolute autonomy for all police unions. If, therefore, in a future legislative session the correct solution of the problems does not reside in prohibiting association with the federations, but in making changes, by giving to all police unions without differentiation "their own" contractual capability, independent of any outside support, it is equally clear that, while awaiting the law, it will be necessary to consistently make up for the harmful consequences that the enormous difference in the means available to the police committee associated with The Three (the capillary organization of the latter, the substitutive activity, etc.) causes the other committee, the one for an autonomous union.

We of the autonomous police union have resisted, and will continue to resist, as long as possible. But it must be admitted that—in the present economic situation—we can do very little to set up a pre-union statute of our own as a legal choice to counter the future enrollment proposed by The Three, with their usual extensive means, organization, and possibility of capillary penetration. In the absence of any alternative, under a monopoly system The Three could attract from among the policemen—as already occurred in the voting of 2 years ago—many more concurrences than they might attain if we autonomists could come forward with even only some of the means at their disposal. And the CISL (or UIL or CGIL) option proposed by the CISL will be of no use for the enrollment of

policemen. (It will instead emphasize the politicization of that type of union).

As is known, our movement, which does not accept assistance from any outside union or political organization, augurs a free and independent union for a free and independent police force: one that is at the service of all citizens without differentiation, without suspicion of partiality, and without binding involvements of the type that would certainly evolve with the right to strike "through the previously mentioned medium of a union." And since we believe the realization of this police force is even more to the advantage of the citizen than the policeman, we hope that in this manifestly particularly serious moment for the survival of our movement, all citizens will help us by appearing for enrolment-- which The Three, in accordance with the logic of an accomplished fact, not by chance wanted to implement prior to the reform law, by challenging the State--under conditions at least of limited inferiority. A desirable consequence would be the constitution of free citizen committees for the defense of the right of the existence of police unions which, since they do not want to bind themselves on the outside to any union or political organization, would identify with the administrative autonomy of the union interests of policemen. But action is needed soon, very soon.

8255  
CSO: 3104

**PCI DEMONSTRATES AGAINST PROPOSED NUCLEAR PLANT**

Palermo GIORNALE DI SICILIA in Italian 8 Jan 80 p 7

[Article: "A PCI 'March' Against the Licata Nuclear Power Plant"]

[Text] It is intended to focus on all long-standing unresolved economic and social problems of the province.

Agrigento--The big, vital problems of Agrigento province, especially its mostly underdeveloped state, are the basis for the "peace caravan," which the Agrigento PCI federation and the Party youth federation have organized for next Saturday 12 January. It is a "caravan" that will focus on long-standing problems and protest the installation of nuclear missile bases on our territory and the construction of an atomic power plant between Licata and Gela. This is in accord with the last economic meeting held by the province: it opposed building the Candu power station and at the same time emphasized the necessity for taking concrete steps to waken the area from its centuries-long slumber before it suffers economic collapse.

The communist federation is responding to old and new issues with this march, which will set out from Sambuca di Sicilia, St. Stefano Quisquina and Ravanusa and reach Agrigento at 1600 hours, where a rally will be held; it will then proceed to Licata, where a demonstration will take place.

The centers of departure and arrival are, as the communique says, part of a "trek symbolic of the great problems of development that are still to be confronted and overcome in this province."

The problems include reconstruction after the 1968 earthquake, the rebuilding is far from complete, Licata and Palma Montechiaro, now national symbols of underdevelopment and poverty, the Agrigento mines, which are depressed; and then there are the problems of the tourist centers that would be harmed by the presence of a nuclear power plant, the central areas of the province and the mountain country that are tied to and held back by traditional agriculture, which is ~~re~~ generative and does not provide a decent living.

"The danger in the construction of a nuclear power plant in Licata is still present," the communists say, "and the possibility of its being built is a new rebuff to the labor's demands for employment that have been made in the last few years of struggle and battle."

The "march," then, is intended by the Communist Federation to call attention to the "strong links between the struggle for development and the maintenance and strengthening of peace against war and hunger."

Hence the Agrigento communists are appealing to democratic, union, cultural, and intellectual forces to join the march for peace, development, and cooperation.

8782

CSO: 3104

## REGIONAL AUTHORITIES OPPOSE ELECTRIC PLANT IN CALABRIA

Naples IL MATTINO in Italian 3 Jan 80 p 4

[Article by Pino Nano: "The Calabrian Council Says No to Electric Power Plant"]

[Text] Reggio Calabria--One of the biggest electric power plants in the country was supposed to have been built in Gioia Tauro: 2,500 megawatts of power for an annual production of 15 billion kilowatt hours, or 5 times the needs of Calabria alone; jobs for 1,200 labor units: 50 percent for construction and another 50 percent to operate it after it is completed.

Now, only a few months after the day when engineer Dolcetta, general director of ENEL [National Electric Power Agency], proposed to Calabrian politicians the possibility of building a concrete alternative to a fifth steel mill, which was then on its way to becoming a "final chapter in a strange government joke" (as Regional Council President Ferrara put it several times), now Calabrian politicians have formally decided not to build the Gioia Tauro electric power plant and have once again subordinated the whole matter to the original choices set forth in the well-known Colombo package.

Now the "Gioia Tauro" chapter has been reopened, this time more strangely with respect to various moments in the past, and certainly by a decision that in many ways is demoralizing, creates confusion, and perplexes even the most tenacious advocates of a fifth steel mill, which had been considered by most as being "unbuildable because it is uneconomical."

This failure made it necessary to seek alternative solutions; thus, at a certain point there was some thought given to a coal-fired megaplant. At first the idea was accepted; it ran the gamut of economists, union groups, and politicians. Unfortunately, however, people had second thoughts, and the prevailing opinion was that of the people who preferred not to undertake this kind of economic solution rather than risk taking "one chance in a thousand" that the natural environment might somehow be harmed. For many, indeed, the big Gioia Tauro plant, once completed, might have posed a serious threat to the environment and, thereby, to tourism in Calabria.

The Regional Council thus decided to formalize its "great refusal" in a telegram to President Cossiga; it says, "Calabria Regional Council, apprised of the grave decision of the Council of Ministers on the merits of building a coal-fired electric power station in the Gioia Tauro area, vigorously protests the violation of every principle of correct government-regions relations. On its merits, the government's decision is an affront to the needs and expectations of Calabria, which are being repeatedly and pervasively violated by central authority. Calabria exports energy, and its sacrifice cannot be justified by appeals to the needs of the country, when national decisions have systematically excluded our region."

The conclusion of the telegram is especially significant: "The Regional Council appeals therefore to political, labor, and social groups for an immediate confrontation using all possible action to block the decree."

Thus 1980 opens in Calabria with the "Gioia Tauro problem," but especially with this very act of responsibility on the part of Calabrian politicians in the face of Calabria, first of all, and, after that, the entire country.

8782  
CSO: 3104

## PCI'S AMENDOLA ON 'SELF-CRITICISM' OF THE SOUTH

Rome L'ESPRESSO in Italian 20 Dec 79 p 26

[Article by Giorgio Amendola: "We Too Have Erred in the South"]

[Text] This article by Giorgio Amendola appeared in the 1 December issue of GAZZETTA DEL MEZZOGIORNO under the headline "Compagni, basta con la protesta occorre coerenza" [Comrades! Enough of Protesting; We Need Coherence]. We reproduce below the part in which he indicates how the problems of the South should be addressed today and resolved.

I, too, pressed for the building of the steelmaking center, and it was a mistake. The growth of agricultural production in the South is being fostered solely by the limited zones in which agrarian reform has been successful and by the large capitalist enterprises that are being financed through funds paid for expropriations under the special act, through funds made available as grants-in-aid, and through the use of the water being supplied by the limited irrigation being carried out today.

If all the available water were fully utilized, the South's agriculture could absorb skilled labor, offer its youth future employment opportunities in the highly skilled occupations and professions, and lay the groundwork for industries in the fields of food processing, marketing, distribution and production of agricultural machinery, and could equip itself for greenhouse production of early produce in competition with that of the other Mediterranean countries, and especially those that are preparing to join the EEC.

Instead of devoting priority attention to agriculture, the governments headed by the DC [Christian Democratic Party], and the Bank for Southern Italy, have concentrated on stimulating the invasion of Southern Italy by the monopolies and the extension there of an industrialization supported by incentives generously distributed through the Bank for Southern Italy and through the various privileged promotion centers. The funds disbursed in this manner have definitely totaled 20,000-30,000 billion lire. Grandiose "cathedrals in the desert" have been created, the sparse available

areas of coastal plain have been squandered away, and the sea and air have been polluted to create precariously based industries having no relationship to the territory, in accordance with orders handed down from on high, conforming to no national or regional plan whatever, and located not according to objective criteria but according to the outcomes of brawls among the DC bigwigs.

Not having based industrialization on agriculture and on organizing a class of Southern entrepreneurs, the large enterprises have found themselves isolated and have failed to lead the way to the creation of an induced network of small and medium industries.

Since the failure of the struggle for agrarian reform and the forced exodus of entire populations, the objective of agrarian reform has been recalled only as a necessary ritual. Since the end of the 1950's, there has been the frenzy of industrialization at any cost, the vying among townships and the disputes among consortiums, developed areas, large estates, islands and so forth, over industrial development poles.

Between incentive aid from the Bank for Southern Italy, land under concessions, special grants-in-aid and other benefits, industrialists could, and can, receive funds totaling more than they actually invest. These industries are for the most part extensions of Northern-based enterprises. This is why I have no faith in the outcome of requests being addressed to the industrialists by union leaders to establish a Southern investment quota. How much venture capital has FIAT invested in the construction of its plants in Cassino, Termini Imerese, and Grottaminarda?

It would be more helpful to the South if the government would reduce the proportion of public funds presently being allocated to the maintenance of wage levels, generalize social security taxation to cover all social costs and the indiscriminate spread of sliding wage scales, and thus make more funds available for investment in the South in accordance with a national and regional program. In any case, although the total number of blue-collar workers in 1951 was little more than 1.1 million, today they number barely close to 1.4 million, employed in industries that keel unsteadily at the first hint of a crisis.

True, there has been a rise in the number of persons employed in "submerged" industries, where a new breed of intelligent, aggressive businessmen has developed. But these industries prosper even without incentive aid because they do not pay, at least to the extent they should, business and social security taxes and because they provide second jobs to many workers that are already employed or to sham registrants on the job placement lists who swell the ranks of the unemployed. The problem here is that of promoting, through appropriate measures, the emergence of these "submerged" industries into the open, and their recognition as industrial development factors in the South.

The South has changed in the last 30 years. The ratio of consumption in the South to the total national consumption has grown, but the ratio of the South's gross product to the gross national product has diminished. The South is spending more than it produces. This can be the result of an increase in the ratio of its total income represented by income from outside sources, from money being sent back home by emigrants, and from governmental social expenditures (disability pensions, social pensions). This also explains the development of a mass of students who live off their families, receive an education that qualifies them for no particular occupation, and look forward to a "spot" in the administration.

The communist leaders are meeting in Bari not to raise an nth accusation and a vain protest, but to seek the way to a productive development of the South and a rational utilization of its human and material resources, and in this manner, in a coherent struggle against inflation, to contribute innovatively and autonomously to the nation's rescue.

9399

CSO: 3104

## PCI-FIAT ACCORD TO DISMISS 500 MORE WORKERS

Rome IL SETTIMANALE in Italian 19 Dec 79 pp 82-85

[Article by Amedeo Lanucara: "Agnelli, Minucci and the 500"]

[Text] 500 more workers are to get the ax now; and Turin knows now that FIAT's dismissal of 61 workers was only the tentative first step toward the far more consequential measures to follow. For the first time in the last 30 years. A weighing-in for an Indian wrestling match in which the real stakes go well beyond the realm of accusatory statements ("The 61 are certainly no angels; but why has the directorate of personnel only now come round to knowing it?"). The real stakes are the control of the company, the cutting down of the union's power, in a new and sophisticated game of political alliances consolidated over the last 4 and 1/2 years of active cooperation between FIAT and the Red ruling bodies. The fight against terrorism, an inescapably urgent necessity in itself, is, in this context, an expedient in a far broader stratagem whose scope can be summarized in terms of the policy question: Who will finally control the modest nationwide upturn currently in progress? A neo-Vallettaism\* with changed fellow-travelers since the 1950's but no change in aims and strategy.

This is why Turin awaits, almost fatalistically, a new and massive wave of dismissals that will add to the 4,100 redundant workers laid off by Olivetti, to the 1,000 workers suspended by Alfa Romeo following an internal departmental dispute, and to the thousands of increasingly precarious job situation in the large and medium public and private enterprises. On how many more workers, then, will the Agnelli ax fall in the next few months?

Viale Marconi 10, a second-floor waiting room, FIAT's "public relations" section. Top executives in hiding (for understandable reasons). A press relations office employee introduces me ("for a feel of the rank-and-file pulse") to a section foreman, a native Piedmontese, around 50 years of age, one of the 14,000 minor section heads who urge a return to order and to

\* [Translator's note]: Reference is to labor policy of former FIAT executive Valetta.

respect for the company hierarchy to prevent chaos and the dissolution of the company. Prior condition to the interview: anonymity ("you know, the list of those among us who have fallen victims to the terrorists is growing day by day; the total has now reached 23. Four assaults in the last few months: one dead--Carlo Ghiglino, head of planning in the Automobile Group--and three wounded--Giovanni Farina, supervisor at Mirafiori Presse; Vittorio Manfredini, head of security services; and Cesare Varetto, head of union relations at Mirafiori").

#### A "Guided" Interview

The interview is attended by the press relations office official, possibly to detect any hint of heresy in the conversation, possibly to ensure that certain "messages" hit their mark.

"There is a rumor," says Anonymous, "that 500 more are to be dismissed in the next few months." Question: "Did you say 500?" Answer, with a furtive glance toward the press relations official, who seems to have imperceptibly signaled his assent to the foreman: "Yes, I said at least 500."

The foreman adds: "It had become totally impossible to run the company, especially during the last 3-4 years. A sort of extraterritoriality for all kinds of violence and terrorism. We were no longer able to give an order to any worker whatever. The first sign of a return to discipline appeared in June when five dismissals were made to stick, to everyone's disbelief, with no reaction from the union. Then, in October, the 61. Obviously, there could be some among those dismissed who are less culpable than some who are still on the job. That is bound to happen in decimations. But it seems to me the real point is another one: Today, after the power test, the climate in the plant is substantially improved. You must never forget that the weak employee tends to line up with the presumed winner. Until a very short time ago, he was buying coffees at the coffee-bar for the most ruffianly of his fellow employees, and ghettoizing us foremen. Now we have been readmitted to the coffee-bar."

The dismissal of 500 more employees at a single stroke would be a bomb that could shake Turin, sending shock waves throughout Italy. A test of strength without precedent in the last 30 years. We sought to learn more.

Walter Mandelli, 57, Piedmontese, and president of the FEDERMECCANICA, the businessmen's organization in the sector, is considered an able and hard negotiator; many see him as a potential candidate for the presidency of CONFINDUSTRIA [General Confederation of Italian Industry], after the clearing away of the lazy and not always limpid parenthesis of the Carli-Savona duo.

Mandelli's apparently Sibylline answer confirmed the conjecture of 500 dismissals. "The day of reckoning is dramatically close upon us, from the political, economic and labor union standpoints. The statistics show that

whereas in the last few years productivity in France and Germany has risen 20-35 percent, that of FIAT has declined 15 percent. At this rate of decline, death by asphyxiation is inevitable. Labor's conflictive attitude is destroying the company. The consequences are unavoidable: chain bankruptcies, lost jobs, spreading unemployment. The time available to us to reverse this trend has run out: It is now or never."

#### Small Industry

Aldo Ravaioli, 35, of Turin, president of the local small industry association, and the principal of Stampal SpA, a metalworks that forges aluminum alloys, expresses similar views. "I do not know," he says, "whether the 61 are part of a list that includes 500, or perhaps even 1,000, extremists who have turned FIAT into a bivouac. I hope this batch of dismissals will suffice to bring everyone back to his senses, permitting a return to functionality and civil coexistence. But I am not overly optimistic. If a more drastic surgical operation becomes necessary, we must be prepared for some very hard times ahead."

FIAT's official spokesmen also stress the time factor in dramatic terms: "It is now a matter of life and death. In 1979, we lost the production of 300,000 automobiles. The demand was there, but we were unable to meet it because of an exasperating internal state of conflict. The company needs substantial liquidity for investments and research. Liquidity must derive from profits. True, our cash flow at the present time is around 1,500 billion lire. But a mere trifle would suffice to send it all up in smoke. And that would be the end for all concerned."

Corrado Ferro, 47, born in Turin of Southern Italian parents, and a militant socialist, is the local leader of the UIL [Italian Union of Labor], the union with the largest relative majority among the Agnelli factory workers. His statement fully supports the hypothesis of a massive test of strength in the next few months: "The union knows that the FIAT Personnel directorate has a list of 600 names from which the names of the 61 who were dismissed were drawn based on criteria that recall the decimations at Caporetto. I do not believe, however, that FIAT will succeed in imposing on the union its list of proscriptions."

At the very least, a strange statement. It is unthinkable that FIAT would have initiated such a fateful Indian wrestling match entirely on its own and without having adequately covered its position. The Agnellis, knowledgeable men of the world, like neither being isolated nor defeated. Who, are their allies in an operation as vast in scope and as difficult as this one? If the union has been caught off guard, who, by name and surname, are FIAT's flankers?

### Bocca in the Field

And yet, AVANTI!'s 25 October edition, in a featured front-page article, seemed intent on clamorously contradicting Corrado Ferro's statements. That article actually contained the following statement by reporter Giorgio Bocca: "The names of the 61 persons dismissed were part of a list that the union had compiled some time ago and that in some unknown way ended up in the hands of the Turin DIGOS [Directorate for General Investigations and Special Operations]. It was a list of persons suspected of terrorism, or at least of acts of violence, drawn up as part of the PCI's [Italian Communists Party] mobilization against terrorism, a mobilization supported by the FIOM [Federation of Those Employed in Metallurgical Industries]."

The seriousness of this affirmation, made in the first person by one of Italy's most famous and highly respected journalists, should, in a really free country, have set off an earthquake of the Watergate type. What actually followed was just the opposite: the strictest news-media silence. AVANTI! itself, the next day, abruptly closed the subject.

The most widely credited hypothesis here in Turin, among the industrialists as well as the trade unionists, is the following: Bocca has only hit the nailhead a glancing blow. The list was not compiled by the union, which is not organically equipped for this purpose, but by the PCI, with the help of the DIGOS and of the most loyal comrades in the FIOM. The operation dates back to last June when the regional administration distributed to the citizenry a questionnaire in response to which any case or person suspected of terrorism could be designated anonymously, unsigned by the declarer, that is. The CISL [Italian Confederation of Labor Unions] and the UIL opposed it, maintaining that this action recalled the methods of the notorious Baron Scarpia in the opera "Tosca." They felt, moreover, that this method could easily result in confusing legitimate union struggle with terrorist violence. The CGIL [Italian Confederation of Labor] went along with the operation, though not very willingly. But the communists went ahead just the same.

### Villa Sassi

At the height of the debate, Giovanni Agnelli met secretly with Adalberto Minucci, the Piedmont PCI's new star, at Villa Sassi.

UIL leader Corrado Ferro insists: "Recently, our awareness has been drawn to at least two Agnelli-Botteghe Oscure\*\* agreements reached over the heads of the union leaderships. Under the first of these, FIAT ceded its sports facilities to the communist mayor free of charge, instead of offering to lease them to the unions as expressly provided under Article 11 of the

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\*\*[Translator's note]: Reference is to the street in Rome on which the PCI headquarters is located.

**Workers' By-Laws.** Under the second, the municipal council returns the favor, approving a variation in the city zoning plan that settles the issue of the FIAT office districts in accordance with the company's views, despite the contrary views of the unions, including the CGIL."

A simple taking of the pulsebeat among the industrialists suffices to dispel any thought that what is involved is merely the usual bringing on of a polemic by the socialists. The FIAT spokesmen say, "Over the past 4 and 1/2 years, we have had peaceful, straightforward relations with the communist-dominated municipal councils. Coexistence demands common aims in the interest of industry and of the citizenry. These common aims have, here in Turin, been largely realized. Our relations with the labor unions have not been as good. Microconfliction is not mere nonsense; unfortunately, it renders respect for signed contracts precarious. Above all, for the maximalism of the CISL. The behavior of the CGIL, on the other hand, has been more coherent and responsible."

According to the small businessmen's association president Ravaiolli, "The industrial ambience has experienced no major dialog problems with the Red municipal councils under the PCI hegemony. On the contrary, I would say that there has not been a significant case of divergence. Furthermore, the PCI's advancing steps toward a more Western, hence capitalistic, view of the world seem to me incontestable; they are attested by Amendola's internal dialectic itself. Personally, I have not the slightest fear of the PCI. Relations with the labor unions are more difficult, despite the FIOM's greater receptiveness as compared with that of the FIM [expansion unknown]."<sup>1</sup> Guido Carli, president of the CONFINDUSTRIA, said in a televised interview on 6 December: "Without the PCI, the nation is ungovernable."

#### Strategic Design

Let us try now to understand the "give and take" on which the "class alliance" between the Agnelli family and Botteghe Oscure is based. From the viewpoint of its long-range outlook (his most intimate associates confide), lawyer Agnelli sees little prospect of renovating the DC, because, among other things, he considers the function of the Catholics in the government to have become impaired. The middle-level lay forces, in turn, seem too involved in little pitch-penny games in the rear of the shop to aspire to any real leadership. As regards the socialists, they have never succeeded in holding the maximalist wing at bay. Thus, only the PCI remains a party able not only to represent and control the Italian working class but also to protect the foreign interests of the multinationals. In the East as well as the West. In the East, despite Eurocommunism, the Agnellis' agreement with the PCI opens all doors in the Soviet Union, in Poland and in Yugoslavia; in the West, it consolidates around the Agnellis an aura of progressivism that attenuates conflicts and confliction in Spain, Turkey,

Argentina, and above all Brazil. Money, on the other hand, has no political color. FIAT's function is to produce dividends, not to fight Quixotic wars for civil rights and freedoms of peoples.

Lawyer Agnelli's associates add that the PCI in turn expects a shortcut into the government, which is well worth an agreement with its old class-enemy. A few figures. The unionized workers at FIAT in Turin number 47,529 out of a total of 147,000 employees. Less than one third. Company management's support could entice the uncommitted mass to the CGIL, which, from an electoral standpoint, would hand over the loot to the PCI. This is dependent, of course, on the FIOM becoming a company union in every sense. The PCI seems to be aiming in this direction; it demonstrated this when, scenting laborism, it removed three FIOM national secretaries (Claudio Sabbatini, Angelo Airoldi and Nando Morra, whose heads had been demanded by the company because of the excessive animosity with which they had conducted the metalworkers contract renewal negotiations). At Turin, deprived of the leadership of laborist Emilio Pugno, pensioned off to Parliament, the leaders of the Mirafiori Fifth Union, the most combative in the FIOM, have been purged.

The PCI-FIAT agreement, authoritatively backed by the two Libyan partners, Reqhem Misallati and Abdallah Saudi, well known to be tied to Moscow, involves substantial financial aspects as well. Effective 1 January 1980, the checkoff will range from a minimum of 2,650 lire at the lowest wage level to a maximum of 4,100 lire at the two highest (sixth and seventh). The average: 3,070 lire per month times 13 monthly paychecks [includes year-end bonus equal to one extra month of pay] comes to 40,000 lire a year. Thus, corralling the 100,000 strays into the union represents for the latter a handsome 4 billion lire a year, to be added to the 7 billion lire received from the Libyans in 1979 and used, some say, to destabilize the country.

#### Protective Umbrella

If the dismissals of the 61 today and of the 500 tomorrow indicate that the members of the PCI are not being touched and that the only reliable protective umbrella is the one provided by the FIOM, the game, at least in Turin, can be considered over. With the very real prospect of exporting the operation to the rest of the country. The next test-bed will be the next election of the 2,500 FIAT union delegates, scheduled in Spring. In the previous election in 1975, a substantial number of the elected representatives were members of extraparliamentary parties or were nonparty. Since then, one fourth of the delegates have changed as a result of resignations, transfers or annulment of their mandates; they have been replaced largely by orthodox communists. The possibility cannot be excluded that this Spring the PCI, with company support, will draw a straight flush.

In this context, Giorgio Amendola's rebukes take on another significance. Not only is he not an isolate, but his policy line is in control, even though it is being officially camouflaged by Berlinguer's maximalist words, which are necessary so as not to lose credibility among the masses. In sum, a laic and Ghibelline line that bypasses neo-Guelphic agreements with the DC ("With this unrenovated DC," Amendola admonishes, "no agreement whatever is possible."), but points toward a PCI-dominated hegemony of the Left (achieved, though it may be, through intermediate stages such as the PCI's unilateral and unsolicited commitment to the rescue of the nation from economic collapse) that would leave the monopoly of economic power to FIAT. This is an achievable objective if the PSI can be split between Craxi and Signorile, and the DC between philocommunist and philosocialism.

Although the game is already at an advanced stage, socialist trade-unionist Corrado Ferro has not lost hope of blocking the play for goal. "They will not succeed," he insists, "in bringing off their strategy, because the trade unions as a whole have no intention of letting themselves be used as a footing for political swindles of this nature."

But lawyer Agnelli, in talking with his trusted journalist, Eugenio Scalfari, does not seem overly troubled by this: "The trade unions are disunited, and therefore frequently weak." In substance, they as interlocutors are not as effective as the PCI, which is in a position to muzzle the CGIL whenever and howsoever it wishes to. And hence, to checkmate in one move the CISL and the UIL, whose aims are never clear.

And what if this should prove to have been a miscalculation? It would not be the first time FIAT's view of the future was mistaken.

#### An Exchange of Unpublished Letters

The FIAT-PCI agreement to purge the plant has just one weak point: the legal developments relating to the first batch of 61 dismissals. The current status is: 50 of those dismissed have accepted the line of defense (and the group of lawyers) placed at their disposal by the union; 10 have preferred another group of lawyers, retained by the extremist splinter groups. The 61st, a woman, has waived recourse, having meanwhile found another job. Aside from any value judgements as to the real guilt of each of the workers involved, what are the chances that FIAT will succeed?

Magistrate Angelo Converso's decree of 10 November had ordered the reinstatement of the dismissed workers, because of a lack of precision in the charges. FIAT responded with a precautionary suspension of the workers, accompanied by letters that formulated charges more specifically and articulately. The workers must now await the magistrate's decisions.

Carmelo Bandiera, 30, of Syracuse, is one of the 50 who have accepted defense by the union. The charges against him are neither the slightest nor the most serious among the group—in sum, a "medium case." Following are the main points made in the second suspension letter (unpublished, as was the reply):

"We notify you of the following acts on your part that constitute violations of contractual obligations and obligations under the law: Your performance on the job has consistently, and particularly during the period June-October 1979, been insufficient, discontinuous, and of very poor quality, impairing the normal work flow and furthermore, because of this, creating inconveniences and problems for your fellow workers. You have several times and without reason refused the work position assigned to you. You have habitually maintained an attitude of open rejection of the company hierarchy, toward which you have acted in an intimidating and threatening manner. You have habitually, during periods of labor unrest, behaved violently, blocking the plant, the arrival and the departure of merchandise; on 26 September 1979 you, together with others, intimidating the workers on the job, stopped the mechanism for transporting automobile bodies to the paint shop, stopping work up and down the production line where workers were stationed who had not joined the unrest; you moreover on this occasion addressed your superiors in abusive and threatening terms. You have taken part in the activities of a group that, through the writing and posting of notices in work premises, has predicated violent conflict as the means of struggle in the plant and moreover indicated that superiors are to be the first objectives to be hit in the fight against the system, inviting the workers to publish the names of their superiors on the notices."

Carmelo Bandiera's reply: "First of all, I challenge your right to exercise a lapsed disciplinary power. Your letter is in substance only a means of evading the job reinstatement order issued by Turin Magistrature. It is therefore null and in any case unlawful. I wish, however, to add the following points even though they have been subsumed in the preceding notifications: "Lack of precision": The details you set forth in support of items 1,2,3 and 5 of the charges continue being imprecise and do not enable due exercise of the right of defense, lacking totally any analytic specification of time, place and details of proceedings of the alleged infractions. In any case, I deny having ever committed any acts that could substantiate the behavior you have thus so generally hypothesized. "Irrelevance": The details you set forth in item 4 of the charges relate to acts that I have never committed and that in any case cannot give rise to the application of disciplinary measures, much less to measures of an expulsive nature."

From a strictly juridical standpoint, FIAT's position appears weak in two regards: tardiness and the difficulty of producing eyewitness testimony. Many of the charges preclude any, not even temporary, continuation whatever of the job relationship and require dismissal without notice. But, for this very reason, they must be validated immediately and not at some future time; otherwise, the very basis of the dismissal from the job (namely, the impossibility of continuing work, even temporarily) is lost in the process.

The problem of eyewitnesses is even more delicate: How many "superiors" will be willing to expose themselves to the risk of heavy reprisals by testifying before the judge, in the open, to the attitude imputed to the 61?

## SICILIAN-TUNISIAN FISHERIES NEGOTIATIONS URGED

Palermo GIORNALE DI SICILIA in Italian 6 Jan 80 p 12

[Article by P. F.: "Pizzo Calls For Direct Sicily-Tunisia Negotiations"]

[Text] In a letter to the president he says the regional government needs to act on its own. However, the foreign minister has always been opposed to this.

The initiative taken by the regional president in promulgating the fishing law despite the government commissioner's opposition has met with positive reactions both in Sicilian political circles and among the sailors directly affected by the provisions. The president of the Trapani Fishermen's Association, Antonino Aiello, sent a telegram of approval to President Mattarella and Fisheries Assessor Pizzo. The latter then sent a long letter to the regional president in which he outlined the categories applying to fisheries and said he thought the government could not act because of grave problems that threaten to block development in that area. Pizzo emphasized the burning problem of relations with North African countries: the failure to renew the agreement with Tunisia and differences with Libya and the other countries of the Mediterranean.

In the Fisheries assessor's opinion, "autonomous action by the regional government cannot be put off any longer. This action should be directed toward protecting its interests, which reflect its Mediterranean vocation. This can be done through direct contacts with representatives of the Tunisian government in order to find out what their intentions are and thereby to arrange for clear and effective action with the central government, which has so far been unable to decide of itself what changes in direction are necessary for this purpose."

Assessor Pizzo's proposal is motivated by the inaction of central government and EEC bodies and by dangers to our economy from agreements being formulated between Tunisia and various countries, such as Spain, Norway, Sweden, and Denmark. However, the proposal seems to run up against the Foreign minister's jealousy of his prerogatives. On various occasions he has made it known that he does not agree with regions' taking the initiative on their own in making

international agreements. The situation is also complicated by the fact that fisheries are no longer regulated by national but by EEC bodies, and these must make any agreements. The regional assembly also decided to send a mission to North Africa, but it was to be briefed by the Foreign minister. Maybe now, given the lack of results from contacts between representatives of the various bodies, the regions will be allowed to try to make progress in a situation where there has been a complete impasse. Pizzo says that although there is a crisis in the regional government, something will have to be done to keep any agreements made by Tunisia from cutting Sicily off from its natural and instinctive relationship with neighboring North African countries.

President Mattarella made an allusion to the fisheries problem in the Strait of Sicily in a conversation yesterday with the consul general of Tunisia, Said Ben Mustatha, who was received on a courtesy visit at the Palazzo d'Orlean

8782

CSO: 3104

## BANK OF PORTUGAL FIGURES ON ECONOMY ANALYZED

Lisbon DIARIO DE NOTICIAS in Portuguese 24 Dec 79 pp 17, 18

[Text] The latest situation report published by the Bank of Portugal shows that the development of the balance of payments continues to be the only favorable sign in the recent behavior of the Portuguese economy. The deterioration of the living standard is accompanied by a decline in investment and a standstill in production. The worsening international crisis makes it increasingly difficult to initiate the transition to "controlled expansionism."

From the balance sheet published by the central bank, it can be confirmed that the development of the balance of payments, particularly the balance of current transactions, continues to emerge as the only clearly positive factor in Portugal's economy. In a general forecast, the bank report states that the GDP should reach an annual growth rate between 2.5 and 2.8 percent at the end of 1979, in contrast to 3.4 percent in 1978. This rate, although modest, represents a slight improvement over the 1.1 percent rate recorded in the first half of the year. Cautious resumption of investments and private consumption and a strong increase in public consumption contributed to a slight rise in demand in the second half. For the year as a whole, however, it is obvious that private consumption should show very moderate growth, while public consumption will not exceed the rate recorded in 1978; overall investment, in turn, should decline by 1 to 2 percent.

Some significant constrictions in production capacity and the international state of recession make it possible to predict a decline in the growth rate of exports during the 6-month period ending now, a particularly relevant factor when we consider the role of the foreign market as the major stimulus for and explanation of the growth after 1978. As a final reflection of the weak state of production, unemployment rose again this year. According to the source cited, unemployment affected about 9 percent of the active population.

Although the first signs of recession are already evident, exports of foods and services should register an increase of 17 percent in volume at the end

of the year, while imports should rise by no more than 4 percent. Reflecting the impact of these figures, the balance of current transactions will show a deficit somewhere between \$350 million and \$400 million. Contrasted with the level recorded in 1978 (\$1.5 billion), this represents a reduction of over 50 percent. With respect to the balance of payments, tourist receipts had a particularly strong impact (up 78.8 percent in the first 6 months over the same period in the previous year), as did emigrants' remittances. Although their growth slowed, the latter should exceed \$2 billion by the end of the year.

Sharply increased prices continue to mark the Portuguese economy, however; in 1979 inflation speeded up again, and in December it should reach an average of 24 to 25 percent for the year.

#### Production Virtually Stagnant

Looking at the nature of the economic situation in the first half of 1979--the latest period for which complete statistics are available--industrial growth for the year as a whole should not exceed a modest 3 percent. An analysis by sector confirms the contrast between the dynamism of export-oriented sectors and the stagnation or recession suffered in areas dependent on domestic consumption or on the production of equipment. According to Ministry of Industry figures, only three sectors--lumber and cork, paper and textiles--were responsible for about half the value of Portuguese exports in the first half of 1979.

The rate of use of industry's production capacity stood at 79 percent in the second quarter of this year (78 percent in 1978). Comparing the situation in June 1979 with that of June 1978, the largest increases in the use of capacity occurred specifically in the areas of textiles, clothing, shoes, paper and graphic arts, whereas the largest declines were in base metals, metal products and non-electric machinery. In summary, the Bank of Portugal report stresses that all these indicators confirm the general profile of the economic situation: strong expansion of exports, a weak rate of consumption and a slight decline in investment overall. (The composite index for cement and steel production in the first 6 months of the year records a drop of 15.2 percent from the same period in 1978.)

In real terms, public consumption remained stagnant, although a sharp surge is foreseen at the end of the year, the period in which public enterprises habitually concentrate their spending.

Investment also showed a clearly declining trend, confirming the pronounced drop of 13 percent recorded between the first and second half of 1978. The weak increase in imports of equipment and the stagnation in domestic production reflected the effects of the restrictive monetary policy in force, and broadly confirmed the stagnation in productive investments. According to the central bank report, the latter can also be associated with "the end of the housing construction cycle initiated in the post-revolutionary period and a reduction in the rate of illegal building." Added to these

factors is the postponement of several investment programs in the public sector following rejection of the 1979 Plan.

#### Credit Continues to Shrink

Investment activity cannot be dissociated from the restrictions imposed in credit. Up to July 1979, the growth rate of domestic credit continued to register a decline. Credit to the productive sector (including loans whose repayment is doubtful) is developing at a rate of 19 percent, which represents a stabilization after the systematic decline observed in all quarters of 1978, although credit is still clearly shrinking in real terms. The Bank of Portugal emphasizes that credit conceded by the bank system exceeded by 9 million contos the overall limit established for the end of the second quarter, and it reports that the strong demand at the end of the first 6 months led to higher "ceilings" for the second half of the year.

Regarding the financial activity of the state, attention should be called to an important fact: despite the continued growth of the public foreign debt (DPE), the ratio DPE/net foreign assets has developed favorably, by virtue of the improvement in the balance of non-monetary operations and the rise in the price of gold on international markets. It is noted that Portugal is one of the countries of the world in which gold represents a major percentage of its foreign exchange reserves.

#### Average Wage Up Only 14 Percent

The significant decline in purchasing power and the standard of living cannot be disassociated from the recovery of foreign demand and the degree of export competitiveness. On the other hand, it constitutes one of the most important restrictions on the expansion of domestic demand. Based on figures for the first 6 months, the growth rate of average wages will not exceed 14 to 15 percent for the year, thus remaining at the rate recorded in 1978. Collective labor contracts signed in the first 6 months call for average wage increases of about 20 percent, but these cover only about 500,000 workers, and there could be variations even within sectors. Average salaries in the public sector could increase by 18 percent over the year, a rate slightly higher than that of farm wages in the first half of 1979 in relation to the same period in 1978 (16.5 percent).

Assuming that controlled rent payments represent 10 percent of consumer expenditures, the Bank of Portugal concludes that real wages declined by 6 to 7 percent in the first half of 1979, reflecting accelerated inflation, which should reach 24 to 25 percent by the end of the year. It is noted, however, that between January and August the category "food and beverages" registered a rise of 28.4 percent, well over the average rate of inflation.

Seeking to explain the higher price index, the central bank cites the heightened expectation of inflation and the rise in import prices, which increased by 30.2 percent in the first half of 1979 over the same period in

1978. "Although the rate of devaluation eased considerably between 1978 and 1979 (the exchange rate in effect increased by 23.8 percent in 1978 and should increase by only about 17.3 percent this year), the international prices affecting our imports rose substantially, from 2 percent in 1978 to 11 percent in 1979," the report states. This development is largely explained by the increased price of petroleum and the adjustment of international prices to the fall of the dollar. It is of interest to note, however, that the difference between Portugal's rate of inflation and the average rate in the OECD will remain at the same level this year, or 14 percent.

6362

CSO: 3101

## EEC MEMBERSHIP CALLED NO PANACEA FOR INDUSTRY

Lisbon DIARIO DE NOTICIAS in Portuguese 17 Dec 79 p 29

[Text] The textile sector could be the one affected most by adoption of the EEC Common Foreign tariff Schedule, according to a study published recently by the Portuguese Confederation of Industry (CIP). In the analysis, 1977 was used as the base year for comparison of the actual levels of protection afforded by Portugal's minimum tariff and the EEC foreign tariff schedule, which Portugal must gradually adopt as the membership process progresses. The Common Foreign Tariff Schedule applies to all trade between EEC countries and non-member countries.

In a brief introductory accounting, the CIP states that the Portuguese economy is already in an advanced stage in eliminating its tariff protection with respect to manufactured products from the EFTA and the EEC. The CIP also concludes that the full opening of the market to those areas of trade is "unavoidable, and may not cause excessively serious problems, at least on a general level." According to the general conclusions of the study, Portugal could compete effectively with the EDC and EFTA nations in activities of intermediate technology requiring large reserves of "considerably skilled" manpower. On the other hand, more difficult problems could be created by the competition from Greek and Spanish products on the domestic market and by the adoption of the commitments assumed by the EEC in relation to Third World countries. According to the CIP, the last point has not been given enough serious study in Portugal.

Third World competition will be felt particularly in several textile sectors. For cotton and fiber threads and fabrics, which are particularly vulnerable, the loss of protection imposed by acceptance of the Common Foreign Tariff Schedule takes on important dimensions, as can be observed from some examples: protection of synthetic textiles would drop from 163.3 percent to 13 percent; cotton thread processed for retail sale will go from 25 percent to 12 percent; some cotton cloth imported in great volume will go from 60 to 14 percent. Synthetic fabrics with discontinuous fibers register drops from 238, 344 or 351 percent to figures around 15 percent.

In the knit industry, which is also very vulnerable to competition from the newly industrialized countries of the Third World (Southeast Asia, in particular), protection is also significantly reduced, mainly for textiles of continuous or discontinuous fibers, underclothing and some outerwear. Although wollens also suffer significant reductions, the effects are not expected to be comparable, since, on its admission, Portugal's major suppliers will already be in a free market situation. Analysis of the textile sector is hampered by the fact that it is impossible to compare the major tariff categories in clothing, but it is worth noting the increased protection for the rope and net industries.

With respect to shoes, according to the CIP, the greatest risks are evidently in rubber and plastic products. Protection will be reduced from 249 percent to 20 percent. For leather shoes, the differences will not be significant, at least in terms of 1977 statistics.

Looking at other sectors, the study notes a sharp drop in protection for cements and petroleum derivatives, the substantial reductions for the wood and paper industries. In these areas, the CIP feels that problems would arise only with respect to petroleum derivatives, "where domestic production costs are very high."

In food industries, there are few cases where very substantial reductions are foreseen; on the contrary, there are many cases where tariff protection will be increased. The most relevant reductions should appear in canned shellfish and mullusks, coffee extracts and products, sunflower oil, beer, sauces and condiments. Beer and coffee products will be most vulnerable, because of competition from the EEC itself. It is of interest to note, however, that the expected problems are simply indicated at present, and could be minimized through temporary adaptation periods established during the membership negotiations.

6362  
CSO: 3101

## ART OF BELT-TIGHTENING, POLITICS OF THE MIDDLE

Stockholm SVENSKA DAGBLADET in Swedish 13 Jan 80 p 2

[Article by Axel Waldemarson]

[Text] Tight, tight but not too tight. The democratic middle way between almost something and the absolute nothing....From Nils Kjaer's comedy, "The Happy Choice."

Tight, tight but not too tight.

The politics of the middle way are by no means always advantageous. The government which seriously strives to come to grips with a difficult economic situation has no reason to follow that course.

## The Example of Denmark

It is, however, no better to talk about so-called drastic cures which do not meet the requirements of such a designation. Danish governments of practically every combination and coloration have for a decade promised "drastic cures," the one more severe and tough than the other. Either the cures have not been carried through to completion or the ingredients have not been sufficiently strong to achieve the intended effect.

"The time is coming," writes William Dullforce, the Nordic correspondent of THE FINANCIAL TIMES, "when the International Monetary Fund will in its capacity as lender intervene and dictate the conditions for Denmark's economic reorganization."

## Where Does Sweden Stand

Sweden does not find itself by any means in Denmark's precarious position. But where shall Gosta Bohman's economic and Ingemar Mundebo's budget policies be placed on the scale?

The minister of economic affairs does not conceal in a speech that a pure Conservative government would have tightened up the budget. Bohman emphasizes that cold reality has required the first real reduction in the expansion of expenditures since 1965. It can be said perhaps that his ideological bent is quite suitable for this reality.

Even if the speech might be regarded as an excuse, it is hardly likely that this was Bohman's primary purpose with his reservations. He has had it much easier this time than in 1977 in getting a hearing for the requirements of the situation. It is also important for the Conservative leader that the budget, now as well as later, is a product of the three-party government, in which the parties must consider each other.

#### No Party Label

Ingemar Mundebo is just as eager as Bohman to avoid putting any label on his budget. He does not consider the limitation on governmental expenditures as an indication of Conservative influence, even if it is a "significant brake."

It is interesting that both Bohman and Mundebo are equally pleased that the municipalities have been "taken by the ear." Instead of backing economic stability, they make more difficult the prospects for coping with our economic problems.

Swedish politics has a particular feature: namely, to brand as political a policy made necessary by external economic realities. Restraints--the unpleasant things--are linked with so-called bourgeois policy. Stimulation measures, always welcome, are presented at times as a Social Democratic specialty.

Restraints which are worth the name cannot but affect the majority of the citizens. Otherwise they would be meaningless, irrespective whether bourgeois or socialist governments are involved.

The fact of the matter is, as Winston Churchill explained at Oxford in 1930 in the "The Romanes lecture."

"One can note that economic problems, in contrast to political questions, cannot be solved by any expression of national will, no matter how strong, but only by the correct action. One can't cure cancer with a majority. What is needed is medicine."

We cannot cope with the current problems by establishing employee funds for excess profits, if perchance there should be any to "tap."

Other means are needed. From the strategic viewpoint everything suggests that the government should have taken a firmer hand:

- 1) If the government is prepared to remain in office for 3 years, unpopular but necessary measures should be taken as early as possible. (It can be an advantage to act so strongly that the measures are an indication of the seriousness of the situation).
- 2) The reaction of the Socialists (Social Democrat and Leftwing Communists) will be the same, irrespective of the degree of the restraints.
- 3) The general political situation today is quite different from when the first Falldin government proposed its first budget in 1977.
- 4) To avoid finding ourselves in Denmark's or England's situation, we cannot allow ourselves a higher degree of welfare than we can support.

Is there not a danger that the severe measures will produce a pessimistic attitude regarding our prospects? Gunnar Strang preached during his many years as finance minister the importance of optimism.

Strang considered nothing more dangerous than what he regarded as a conscious pessimistic delineation of our economic situation.

"If you constantly tell people every day that things are bad in the old country, people will hesitate to invest in business."

The question is whether this optimistic school is not forcing the Social Democrats on to the wrong track. After all, jaunty songs are not enough to "get Sweden moving." Belief in artificial means will ultimately be an obstacle to realistic policies.

The chances of the government lies more and more in accepting the reality which has become the difficult opponent of the Social Democrats in a completely different manner than when Olof Palme formulated the theme for Tage Erlander.

In the same way illusionary politics will be a serious threat to realistic economic thinking. In two areas illusions are particularly obvious--the excessive profit syndrome and the responsibility of the municipalities for society's economy.

#### No New Belief

Belief in psychological factors is not new. The other day I recalled a comment which Jarl Hjalmarson made in parliament in 1951.

"To rely upon psychological reasons for economic measures in whose usefulness one really has little faith has become very popular. Actually it is also a reason for describing the lack of will to dispel people's economic superstitions."

Gunnar Strang has himself frankly admitted in a speech in Goteborg on 23 Oct 1974 the illusion in regard to excessive profits. They did not constitute a problem, "but I appraise the current debate in this way that the discussion concerning excess profits is so firmly embedded that if nothing happens it will create difficulties for the upcoming wage negotiations and inflect the political debate."

Six years later here we are again.

#### Should They Hesitate

In order for the trade unions to pursue a wage policy which does not directly harm the interests of their members (such high increments that inflation increases and competition diminishes), all so-called excess profits (which hardly exist) will be placed in funds, in which the unions will also have jurisdiction to insure firms' investing therein.

If such so-called excess earnings and possibilities for investment existed, does anyone think that the management of a firm would hesitate to invest?

Not even the trade union movement can live on illusions. It is in the long run both untenable and demoralizing that the prerequisites for a reasonable wage policy must be for psychological reasons unreasonable measures.

The other illusion is the responsibility of municipal officials for the community's economy. The total consumption expenditures of the municipalities and the provincial assemblies is 2 and 1/2 times greater than the national government's. No government can achieve stability without their participation. Yet, a majority of the municipalities and provincial assemblies are violating the voluntary agreements with the state for a restraint in expansion.

During more than 25 years as a local official, I myself considered defending self-government and thereby the right to tax an important task.

By not curbing the desire to expand--even if the national government bears a responsibility for constantly imposing new duties--local officials themselves have undermined the foundations of the right to tax. Their responsibility is an illusion. I cannot draw any other conclusion.

A municipal tax ceiling is just as inevitable as coming to grips with the subsidy policies.

6893

CSO: 3149

## BUDGET PROPOSAL MARKED BY HUGE DEFICIT

Stockholm DAGENS NYHETER in Swedish 11 Jan 80 p 7

[Article: "Record Borrowing Without Reforms; Long Way Toward Balance"]

[Text] Budget Minister Ingemar Mundebo puts on the brakes in year's proposed budget. It contains not a single new reform, but the deficit--55 billion kronor--will nevertheless be a new record. This shows that the brakes will be applied for a long time before Swedish State finances will be in balance again. Nor can there within the next few years be reforms of any size, states Ingemar Mundebo. Through economies in other areas and reexamination of decisions already made, however, there can be improvements for certain backward groups.

Increased exports is the common theme in the year's budget. Only through increased economic growth can state finances be brought into balance. The government's efforts are directed especially toward three areas: employment and economic policy, research and development, and efforts to combat alcoholism and drug abuse. Despite the record deficit it is the opinion of the Budget Ministry that the rate of increase in state expenditures has been reduced. First and foremost, increases in the state's consumption and investments have been stopped.

As a starting point, the authorities have had their estimates adjusted because of wage and price developments, but thereafter they have been reduced by 2 percent almost overall.

Further efforts are to be made to effect economies and more effectiveness in the state authorities. One requirement will be that if an authority wishes to enter new fields it must get the funds by economies elsewhere within its field.

However, state expenditures in the proper sense of the word account for only about 30 percent of budget expenditures. The rest goes toward transfers--shifting of tax money via the budget--to households, municipalities, and enterprises. This is where efforts must primarily be made if radical savings are to be made in the budget.

The municipalities are the biggest problem, and the government is planning measures to stop their expansion (see separate article). Following the difficult structural problems of recent years, transfers to enterprises are now being greatly reduced.

#### Another Hole

Remains now the politically sensitive area of various support for households, such as, for example, pensions, housing subsidies, child subsidies.

Here it is stated that "Continued application of the brakes must take place in a way that is in harmony with the social and distribution policies on which there is broad political agreement."

At the same time, however, Mundebo writes that "proposals for greater reduction of the rate of increase of state expenditures would affect larger groups within the social economy."

This year the level of expenditure for housing subsidies is somewhat reduced, but the rules are changed so that the situation of families with many children is improved.

In the social welfare areas as well there can be savings and redistribution. Dental care costs will in certain cases be higher, and as concerns transportation and discounts for medicine a review will be conducted.

#### Record Debt

But despite economies we shall have to live with a budget deficit of about 50 billion kronor, at least up to 1985. This will be due primarily to automatic cost increases resulting from decisions already taken.

In the year's budget the greatest increase is accounted for by interest on the state's debt, the increase from last year amounting to all of 46 percent. And with new borrowing this year the interest will be even higher next year.

Subsidies to the municipalities increase by 22 percent, housing policy costs by 19 percent, grants for research and education by 16 percent, appropriations for medical insurance, people's pensions, etc., and subsidies to families with many children by 15 percent each.

11,256  
CSO: 3109

**INCREASED PRODUCTION, EXPORTS SEEN AS WAY OUT OF DILEMMA**

Stockholm DAGENS NYHETER in Swedish 11 Jan 80 p 8

[Article: "Increased Production the Remedy"]

[Text] The sides in the labor market have a great responsibility when it comes to agree to wage settlements above what the economy can stand. This is stressed by Economy Minister Gosta Bohman in the finance plan. As a model, he reckons with wage increases of a little over large proportion of this room for increases has already been accounted for in political decisions. Bohman stresses that the room for increases in real wages must not become negative.

In Bohman's opinion, two problems must be solved during the 1980's: The lack of balance against the world due to oil price increases and the deficit in the state budget.

Sweden's balance of trade deficit for 1979 amounts to nine billion, and is estimated for 1980 at 12 billion. The deficit shows that production capacity is inadequate in relation to the need for imports. Instead of limiting imports, Bohman pleads for an expansion led by exports.

The imbalance in Sweden's internal economy has been caused by the public sector during the past 15 years having expanded more rapidly than the growth of the economy as a whole.

Sweden must attain a slower cost increase level and a more rapid productivity expansion than the countries with which we compete.

**Solidarity**

The economic situation places great demands upon a national adherence to the aims of economic policy. The sides in the labor market must assume their responsibility as concerns wage settlements not above what the economy can stand. The government must facilitate the coming into being of such agreements and refrain from measures which drive up enterprise costs. The economy must exploit improvements in the cost situation to win market shares.

## Accounted For

In the wage area no agreements have as yet been concluded. The Economic Institute has presented two calculation examples for developments during 1980. In his calculations Bohman has them on the lower example. This involves wage increases of a little over 7 percent, but this has already to a great extent been accounted for in political decisions and in other ways. A policy aimed at solving the problems of economic balance faced by Sweden by means of industrial expansion will cause the scope for an increase in private consumption to be limited during 1980. Bohman says it will be 1.5 percent. A large part of this is already accounted for. Pensioners are increasing in number and receive increases automatically. Of available increases .7 percent is already accounted for. Further, there are transfers to families with several children, and other poorly placed groups must also be protected.

An expansion of the industrial sector presupposes that the reduction of profitability, a process underway for some time, will come to an end, thus encouraging investment. Labor market policy must also be directed toward meeting the need for labor of the sector competing abroad, which in turn involves the labor needed by industry not being tied up in state or municipal activities.

Tax policy is of decisive importance as concerns creating the prerequisites for a favorable development. It is an important instrument for facilitating responsible wage agreements as well as for a policy to promote productivity.

In the long run it is impossible to demand increased productivity and increased industrial production unless the individual is assured a reasonable proportion of the result of his efforts. It should be possible to use tax policy as a means in economic policy. The point at which it is possible to improve things by means of heavier taxes has been passed.

Such a policy would lead to a general reduction in growth and to a weakening of the tax base. We must therefore direct our efforts toward reducing the growth in government expenditures, Bohman thinks.

## How About Oil?

In Bohman's opinion, the enterprises are well aware of the risks of rapid increases in the prices of their products. He therefore reckons with an improvement in the relative wage situation being used for improving exports.

Export by volume is calculated at 4 percent, as against 7 percent in 1979. Bohman anticipates that industrial investment will increase by 10 percent in 1980. The Economic institute had estimated 12 percent.

The Economic Institute has also assumed that price increases in 1980 will amount to 7 percent, but calculated as an annual average the figure will be higher because of the rapid increase in prices at the end of 1979.

In Bohman's opinion it will be possible to reduce inflation somewhat if the enterprises carry out a cautious price policy. In this respect the economics minister assumes that oil prices will not seriously disturb world trade and economic conditions. Bohman estimates that the state's budget deficit will amount to 51 billions for the 1980 calendar year. The state must thus borrow 10 to 15 billion abroad, while 36 to 41 billion will be financed in the Swedish market.

About 10 billion can be financed in the capital market. The state's borrowing from households in the form of premium and savings bonds may amount to 6 to 8 billion.

The remainder of the state's borrowing must be placed in the banks. If 5 billion are placed in the national bank, 13 to 20 billion must be placed in other banks. Such placement of the state's debt presupposes an increase in the liquidity requirement of the banks.

11,256  
CSO: 3109

## PALME SAYS PROPOSED BUDGET OFFERS NO SOLUTION TO EXISTING PROBLEMS

Stockholm SVENSKA DAGBLADET in Swedish 11 Jan 80 pp 3, 4

[Article by Elisabeth Crona: "Passive and Slack Nonsocialist Budget"]

[Text] "Mundebo is certainly a kind and good-natured man, but he cannot handle money."

This was opposition leader Olof Palme's comment on the new nonsocialist budget at a press conference on Thursday. Palme thought the budget was both slack and passive. "With this large deficit, restraint in state expenditures will be required for the next 10 years."

He was of the opinion that the nonsocialist government is deluding the Swedish people in asserting that it is now breaking a trend of too rapidly increasing state expenditures. "In 1977 the government estimated that state expenditures would increase by 7.5 percent. They increased by 19 percent. In 1978 an increase of 4.8 percent was estimated. It came to 15.3 percent. In 1979 the increase was estimated at 6.8 percent and it was 16.3 percent.

"This year expenditures are estimated to increase by 9.3 percent, a more rapid increase in state expenditures than during any other nonsocialist year."

**"Conservative Economies"**

The Social Democrats do not in this criticism attack the government for social cutbacks.

"This is no gigantic social cutback," said Olaf Palme, "but the small savings introduced are conservatively tinged. For example, they hit the poor municipalities."

"It is an odd thing for the Center Party retroactively to approve of old Moderate proposals. Last spring the Center Party violently opposed the demand of the Moderates for municipal cutbacks."

Further, Olof Palme believed that price increases would amount to about 12 percent. And he found no proof of an increase of 10 percent in investment in industry. In his opinion the Economic Institutes's lowest alternative, with an anticipated wage increase of 7 percent, is too low.

#### Weak Budget

"As a whole, the budget is weak," said Palme in summarizing the view of the Social Democrats.

"The government threatens and admonishes wage earners and municipalities, but proposes no steps of its own."

The alternative of the Social Democrats to the budget will be presented at a press conference today.

11,256  
CSO: 3109

## TIGHT DEFENSE BUDGET WILL MEAN LESS TRAINING FOR RESERVES

Stockholm SVENSKA DAGBLADET in Swedish 11 Jan 80 section 3, p 6

[Article by Erik Liden: "Even Fewer Training Exercises"]

[Text] One of the great problems of the defense forces at the present time is that of getting together money for more extensive training exercises for draftees.

This is plainly apparent from this year's proposed budget. Since chief of the defense forces Lennart Ljung has reported to the defense minister that he wishes to increase the number of exercises, Erik Kronmark has released 20 million kronor from the building fund, so that 75,000 men, of which 65,000 in the army, can be called in during the 1980/81 budget year. This amounts to at least 15,000 fewer than in the original plans and 50,000 fewer than at the end of the 1960's and the early 1970's. When the Riksdag in 1966 decided that reserve units would be called up for refresher training every fourth year, with intermediate officer exercises, there was general agreement about the necessity of this reform.

#### Shorter Time

Earlier, the units were called in at best every 6th year. At the same time, the times served were different, from 3 weeks for the common soldier, up to 6 weeks for reserve and regular officers. That system, referred to as VU 60, was initiated, but could for reasons of economy not be fully implemented. Cancelled exercises and shortened ones to one or two weeks became more and more common during the 1970's. The bottom was reached in 1978/79 when only 48,000 Swedes participated in exercises as against normally 110,000. More than one of two was never called in for refresher training. This took place at the same time that defense ministers, defense chiefs, and border defense chiefs declare with one voice that the credibility of the defense forces would be endangered unless the training system were put into practice.

Increased pay costs, new materiel, relocations, and other things caused the only area of importance that could be used for bargaining in the budget debate to be refresher training. This year army chief Nils Skold has

succeeded in making room for 79,000 reservists, compared with 43,000 during last budget year. At the same time refresher training for 13,000 older reservists has been eliminated, being taken out directly in connection with basic training. The army chief now wants 86,000 soldiers to train each year. In the best case, he will reach this figure in 1983/84. According to present plans 30,000 soldiers will not be called in in 1983/84. In the air force refresher training has been completely suspended for two years, while the navy trained 8,000 during that period. Normally, 8,000 are to be called in each year, both in the navy and in the air force.

Defence Chief Lennart Ljung:

"The changes involve great reduction of objectives. Most serious is the lowered operative and tactical usefulness. Many soldiers will have fewer exercises in field units. The number of joint maneuvers will be reduced."

The chief also asserts that the reduced goals will require an additional 275 million kronor during the 5-year period.

Chief: Eric Kronmark

State Secretary: Sven Hirdman

Total: 16,306.8 million kronor (+1,317.9 million kronor)

Some important proposals:

Daily pay for draftees increased from 15 to 16 kronor.

Family support for wife increased from 34 to 38 kronor and for children from 16 to 17 kronor. Automobile mileage for soldiers increased from .32 to .50 kronor per kilometer.

Navy reserve officers receive a new training bonus of 7,500 kronor.

Problems of refresher training continue. After an increase during this fiscal year to 79,000 called in in the army, the defense minister is forced, despite priority given to refresher exercises, to reduce numbers to 65,000 in the army in 1980/81. Training and exercises are reduced in civil defense as well. All questions of materiel, including decisions on aircraft, will be submitted in a special proposal on 10 March.

The number of employees to be reduced by 600 to 44,000 for all defense forces.

Some expenditure items:

Army 5,088.5 million kronor (+196.5 million kronor)

Navy: 2,036.1 million kronor (+112.6 million kronor)

Air Force: 4,605.3 million kronor (+200.6 million kronor)

Other authorities: 1,246.9 million kronor (+45.6 million kronor)

Price adjustments: 2,155.0 million kronor (+723.0 million kronor)

Civil Defense: 342.4 million kronor (+46.3 million kronor).

11,256

CSO: 3109

## HIGH OIL PRICES EXPOSE WEAKNESSES IN SWEDISH ECONOMY

Stockholm SVENSKA DAGBLADET in Swedish 11 Jan 80 section 3 p 9

[Article by Carl Swartz]

[Text] An important premise for the economic calculations of the finance plan is that the imports of petroleum and petroleum products will not increase by more than 1 billion kr. in 1980. There is a good reason, in this regard, for a big question mark.

According to a special article, increased domestic refining is the basis for the optimistic petroleum calculations of the Ministry of Economic Affairs. The change in the composition of the imports should hardly mean more than a 1 billion reduction in expenditures for petroleum.

The finance plan reveals that petroleum prices increased by 70 percent during 1979, and the annual average price by 40 percent. Unchanged prices at the end of December would then entail an automatic increase in the average price of crude oil by almost an additional 20 percent. The same increase would affect all petroleum imports.

Thus, without any changes the cost of petroleum imports would increase by about 5 billion this year. This figure will be offset in part by the increase in refining in Sweden and in part by a possible reduction in volume. On the other hand prices have been raised once more by the OPEC meeting in Caracas.

It seems apparent, therefore, that our oil bill will exceed last year's by at least 4-5 billion. As a result the balance of payments problem will be all the more acute.

The finance plan's gloomy evaluation of the economic problems of the coming years seems to have been smoothed over.

The increase in oil prices has remorselessly exposed the weaknesses in the Swedish economy. The anticipated surplus in the balance of payments for 1979 actually became a large deficit. But perhaps last year's rapid price increases has a good side--there is now a political basis for the strong measures needed.

The message of Minister of Economic Affairs Gösta Bohman in his financial plan is that the beginning of the eighties will be rough. The need for conservation on the part of consumers dominates his speech, and industrial policies must be given a new direction. Public expenditures must reduce its share of the GNP. At the same time regional political considerations must be considered and the weaker groups protected. These goals appear incompatible and if they are to be attained, political support is necessary in any case regarding the means and a flexible political-economic balancing act.

From the short range point of view, however, there are some bright points. It is calculated that the world's rate of expansion will be low. The gross national product of the USA and Great Britain will fall during 1980, and the increase for the whole OECD will be a pitiful 1 percent. For the last 3 years the corresponding figure has been between 3-4 percent.

The Finance Ministry calculates that production in Sweden will increase 3.6 percent. That is only half a percent less than in the relatively good year of 1979 and much better than 1978, not to mention the lost years 1975-77.

One of the main reasons for Sweden's being able to be at the top of the industrial countries in 1980 growth is the equally satisfactory development of our neighbors, Norway and Finland, who are among Sweden's largest trading partners. Their demand helps our export industry.

But our exports will, nevertheless, increase only 4 percent in volume, and that is only about half the increase in the 2 preceding years. Imports are expected to increase significantly slower than last year by barely 5 percent compared to 13.5 percent in 1979. As a result, a greater share of the domestic demand is expected to be met by domestic production than was the case in 1979.

#### Industry Modernizes

On the whole, investment will increase slower this year than last year. The Ministry of Economic Affairs is, however, anticipating a rapid increase in regard to industry. The last few years have been marked by an over-expanded production apparatus. But last year production increased so that the productive capacity is now almost completely utilized. Many firms must consequently expand and replace old machinery. The construction industry is also expanding faster than last year.

The state and private individuals must, on the contrary, decrease their consumption. According to the government, it is necessary for the municipalities to do the same, but restrictions in that sector will be modest this year.

It is the development in foreign trade which requires restraints in consumption. Imports were about 3 billion kroner more than exports last year. It was primarily the higher oil prices which led to this result. With unchanged prices we would have had a 6 billion surplus in the balance of trade. Then our total foreign transactions, including travel abroad, foreign aid, interest on foreign loans, would have been just in balance. But there was a 9 billion kr. deficit.

The deficit will increase this year to 12 billion, a figure which probably is on the low side. As is evident from another article in this section, the government has apparently if anything, underestimated the cost of oil. The deficit in the trade balance can reach somewhere around 16-17 billion. That would correspond to a little more than 3 percent of the GNP.

#### Balance Lacking

This means, in other words, that we are living beyond our means to that degree. And it can't go on indefinitely. Since we cannot count on the services which are purchased from us abroad being greater than our own payments for travel, aid, interest, etc., the balance in foreign transactions has to be attained in the future by increasing exports faster than imports. The latter will probably continue to increase because of a continued rise in the price of oil.

The capacity of the export industry and of those who compete with imports must consequently be expanded, according to the government. Resources must be transferred from stagnating industries to vigorous ones.

But it is not enough just to expand the export industries. Since all industrial countries are hit by higher oil costs, they also will strive to increase their own exports. No country will be particularly eager to increase imports. On the contrary, most of them will try to reduce them.

In such a situation, one must be competitive. This means that prices will be an important element in competition, and prices in turn depend upon costs. The Swedish price level must increase slower than that of the world around us if we are to sell our export goods.

Wage increases must be limited in order to keep costs down. If it works, firms must allow cost savings to influence prices so as to increase the volume of sales. They must not be tempted, according to the minister of economic affairs, to improve their profit margins.

Thus, the government is calling for restraint on the part of wage earners and those who establish prices. But that imposes at the same time restraints on the government itself.

If wage earners are to be satisfied with low nominal increases, they must in turn keep a greater portion of their wages after taxes. That is occurring this year, but that policy does not solve the balance problem--it only shifts it.

#### Disturbing Deficit

The government budget again reveals a very large deficit, 55 billion kr. this year. The disturbing aspect of such a deficit is primarily that through the liquid credit market it can create an imbalance in society's economy. About 10-15 billion must be borrowed abroad.

The government appears to have rejected reducing the deficit through higher taxes. The only thing remaining is strict economy in public expenditures, which incidentally, also characterizes this year's budget. No new reforms are being announced, and a number of previous decisions on expenditures are being re-examined. Greater efforts must be made to get the municipalities to curtail increases in their expenditures in the next years.

In regard to consumers, the finance plan envisages the increase in the demand for goods and services during 1980 being limited to 1.5 percent. Since half of this margin has already been allocated to pensioners, very little is left for wage earners. Among those families with children will have priority.

#### Mistake in Oil Prices

An important premise in the economic calculations of the finance plan is that the imports of petroleum and petroleum products will not increase by more than 1 billion kr. from 1979 to 1980. Here there is cause to have doubts.

A special article makes it clear that an increase in domestic refining is the basis for the Ministry of Economic Affairs' optimistic calculation. The change in the composition of the imports should mean hardly more than a 1 billion reduction in the petroleum costs.

According to the finance plan, petroleum prices increased 70 percent during 1979, and the yearly average price increased 40 percent. Unchanged prices from the end of December will thus result in an automatic increase in the average price of crude oil by 20 percent. Similar increases would affect all petroleum imports.

Without any other changes the cost of petroleum imports will go up this year by 5 billion. This figure is to be counteracted partly by increased refining in Sweden, and partly through a possible decrease in volume. On the other hand, oil prices have again been increased by OPEC meeting in Caracas.

It appears likely, therefore, that our petroleum bill in the coming year will surpass last year's by at least 4-5 billion. As a result, the balance of payments problem will be all the more acute.

The finance plan's gloomy evaluation of the economic problems of the coming years seems to have been smoothed over.

6893

CSO: 3109

## STATE SEEKING TO REDUCE RAPIDLY DEPENDENCE ON OIL

Stockholm DAGENS NYHETER in Swedish 11 Jan 80 p 8

[Text] The price of oil will determine if the government's budget will hold up or not. All of the calculations for expenditures rest on the assumption that the price will remain stable. But the prospect for this is small. The Swedish economy is controlled by international events.

Hence, the government wants to reduce the dependence upon oil as rapidly as possible. Count then upon new taxes on oil. The results of the plebescite on nuclear power will not have any significant impact on this year's budget. That will be a question for the eighties.

The only noteworthy item this year in the energy field is a special fund for saving oil in the economy. The Minister for Energy Carl-Axel Petri anticipates that monies from this fund will underwrite new energy techniques in industry. Oil will be replaced by domestic sources of energy. The fund will be financed by special fees on petroleum products. In this manner the will to save oil will be promoted.

Since 1974 the government has been counting on conservation of oil in the economy. Up to the present this has amounted to just 1.1 billion kr. This has meant a saving of 850,000 tons of oil per year. A further 1.3 million tons can be saved in the economy. This year 225 million kr. from reserve funds are being allocated to this goal. Through 1985, 2.5 million kr. of government support is required.

Last year the oil bill for Sweden Inc. increased by 10 billion kr. 8 billion of this stemmed from price increases. Compared with the previous year, this equals the entire export of automobiles. In terms of the GNP the more expensive oil amounts to a 2.5 percent increase in one year. It took several years for the politicians to establish a foreign aid program at 1 percent of the GBP. Some of the price increase will be noticed this year. This money will come directly out of the economy.

"The chances for continued price increases for oil are significant," the Minister of Economic Affairs Gosta Bohman says in his economic report.

One of the four points in the strategy is to reduce the dependence upon oil quickly. The industrial nations have agreed to freeze oil imports at the 1978 level in order to keep prices in check.

The alternative is a policy of belt-tightening and increased unemployment.

The government does not dare to predict price developments for petroleum. There are factors which suggest lower oil prices, particularly in the so-called spot market to which Sweden must resort more than most countries. One such factor is the slow growth in the industrial world and reduced demand for oil. Larger inventories and the increased world-wide desire to conserve oil are others.

The prospect for price increases is, however, regarded as more likely. The oil-producing countries consider it more advantageous to increase their income by price hikes than to export more oil. The chances for political disruptions are threatening.

For each percent of oil the country saves, its trade balance abroad is improved by 250 million kr.

"A safe and reliable source of energy with the least possible impact on the environment," is the government's promise to the people.

Hence, it is desirable to import oil from as many different sources as possible. The government has at the moment a positive attitude towards importing gas via pipelines and hints at the taxing of energy to put a premium on conservation.

The government makes clear that a long-range energy policy cannot be delineated until the Swedish people come to a decision regarding nuclear power.

The plebiscite is leaving some traces on the budget.

The Minister of Economic Affairs Gosta Bohman is allocating 200,000 kr. for statistics regarding the plebiscite.

Budget Minister Ingemar Mundebo is allocating a significant sum to the contingency fund to cover the costs for postponing the loading of two plants, something which was decided pending the plebiscite.

Energy Minister Petri wants 2 billion kr. for energy. He already has just about 300 million for research during the last phase of a 3 year program.

## Rivers Saved

The Waterfalls Board is getting 1750 million kr. of which 558 is for hydroelectric power and 349 for nuclear power. No is the answer for the development of undisturbed rivers.

If the Center and Leftwing Communist Party line prevails in the plebiscite, the expansion of nuclear power will be halted, and the money will be used for damages and reconstruction work. Thus, irrespective of which position wins, the money will be spent.

Funds for hydroelective power involve expansion at Harspranget, Porjus, Ligga, Vietas and Messaure on the Lulea River, Asele and Stenkullafors on the Angerman River, Nas on the Dala River and Lilla Edet on the Gota River.

The Minister for Land Utilization George Danell warns about difficult land questions in the future. The new energy law requires much land, involving wind, peat and energy forests.

6893

CSO: 3149

## SVENSKA PETROLEUM AB TO BUY MORE IRANIAN OIL

Stockholm SVENSKA DAGBLADET in Swedish 10 Jan 80 p 23

[Text] The state oil company Svenska Petroleum AB and the coop OK have made a new contract with Iran for the delivery of 450,000 tons of crude oil per year to each company.

The contract is a renewal of last year's contract which gave each company 350,000 tons annually. Last year Sweden consumed about 30 million tons of oil.

The fixed contract thus gives SP and OK a somewhat large volume than in the previous year. But SP also purchased last year from Iran cargoes at spot prices, so overall the volume from Iran will be unchanged.

According to Sture Angvald, director of SP, the price of the new oil is \$30 per barrel. A year ago Iranian oil cost about \$12 a barrel.

## Renewed Contract

Although the USA does not want Western Europe to buy oil from Iran, the Swedish oil companies see no reason not to renew their contracts with Iran.

"Today no company voluntarily wants to refuse oil contracts," says Gunnar Nermark, one of the negotiators for SP.

"We have only renewed last year's contract. There is no reason not to do so."

The multinational oil companies, BP and Shell, have also made new contracts with Iran, but for significantly smaller quantities.

Last year both companies obtained about 30 million tons of crude oil from Iran. According to the new contracts, they can only purchase a basic 13 million tons this year.

6893

CSO: 3109

## RADICAL PARTIES FLOURISH IN JURA

Geneva JOURNAL DE GENEVE in French 29/30 Dec 79 p 9

[Article by Victor Giordano: "Jura: A Flowering of Radical Parties"]

[Text] Before the actual creation of the canton of Jura, the Jura Liberal-Radical Party was stirred up by the differences existing within the party between the partisans and adversaries of cantonal autonomy. In view of the rise in reciprocal passions, knowingly stirred up, incidentally, by the autonomists of other parties, it was not possible to achieve a reconciliation. The divorce was long in coming, but it was finally achieved, giving birth to a dissident group, the Reformist Radical Party.

Even though it has succeeded in taking its share of cantonal power, thanks to its representative in the government, the Reformist Party has not, until now, dug the hole in which it hoped the formerly favorable Radical Party in Bern would fall. A lack of persons of ability, except for Minister Jardin, and a certain incoherence between the party's "Manifesto" and the ideas defended by its adherents are undoubtedly an adequate explanation of this stagnation. Let us add to this picture the very 'roit, and sometimes also clumsy, positions taken by the reformist depu in the Jura Parliament, and we will have depicted the uncertainty as to the future of this political structure, which brings together only 5 to 0 percent of the electorate.

Just as reformist dissidence is running the risk of being absorbed, dissatisfaction and a policy of opposition being advantageous to the Radical Party, the latter is undergoing, in the northern village of Boncourt, a new dissidence, with the creation of a "liberal" section. That is all that is needed for the reformists, suddenly aware of their weaknesses, to make open and public offers of collaboration to the "Bocourt liberals." Forthwith, the Radical Party reconstructs its local section at Boncourt, replacing the heads fallen in the "liberal" pouch. This little game, which takes place against the backdrop of the fall 1980 communal elections, is one of the most interesting. On its outcome may depend the future political face of the new canton. But, in the ranks of the autonomists, it would be very wrong to believe that this episode will bring about the

weakening of the Radical Party. Liberal dissidence has a chance of success and political effectiveness only to the extent that it will put in the saddle a worthy successor to Minister Jardin, who, at the age of 62, will undoubtedly not complete two full legislative terms as the head of the Department of Education and Social Affairs. Now, precisely, the Boncourt liberals and their leader Antoine Artho--who formerly sat on the Constituent Assembly's steering committee--do not allow themselves to entertain such political ambitions. Since then, whatever citizens have not yet reached the reformist ranks are not to be seen. Liberal dissidence could win adherents to its cause. The undecided ones? Undoubtedly yes, but with, as its first consequence, a dispersal of the respective forces of the autonomist coalition parties and, as a corollary, a strengthening of the Radical Party.

#### Serene Future

In truth, the tranquil assurance shown by the radical leaders, when the current existence of three sorts of Jura radicals is evoked, results from a just analysis of the situation. By a sometimes irritating, but often intelligent, policy of opposition, by the benefit drawn from some blunders of the authorities, the Jura radicals are justified in facing the future with relative serenity.

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CSO: 3100

## NEW FEDERAL COUNCIL, DELEGATIONS INSTITUTED

Geneva JOURNAL DE GENEVE in French 10 Jan 80 p 10

[Article by Jean-Pierre Gattoni: "Bern: Redistribution of Responsibility"]

[Text] Bern--The Federal Council has set up its delegations for "special affairs." It is the law on organization, and more specifically its article 17, which gives it the power. With regard to the old teams, two innovations appear: The delegation on railway matters disappears. On the other hand, the creation of a delegation for the distribution of Confederation-canton responsibilities is noted, while the one that was concerned with Jura affairs is officially installed.

Article 17 of the law on organization says substantially the following: The Federal Council may set up among its members delegations for certain matters. It determines their terms of reference and regulates the procedure. The aim of these delegations is to prepare the deliberations and the decisions of the Federal Council.

The two circumstances we have mentioned--the disappearance of the delegation for railway matters and the setting up of the one concerned with the distribution of responsibilities between the cantons and the Confederation--are not at all surprising: they are in the category of cases to be dealt with by the Federal Executive and the Assembly. Indeed, it is difficult to see how it was possible to retain a delegation interested only in railway traffic problems while there is active concern for setting up a global conception of transportation. With regard to the delegation which will deal with the distribution of responsibilities between the Confederation and the cantons, it will be presided over by Kurt Furgler. This is logical, since this matter is in the province of the Department of Justice and Police over which he presides: the study carried out on this subject under the guidance of Mr Joseph Voyame, director of the Federal Office of Justice, is being consulted in the cantons. Kurt Furgler, in addition, will still be chairman of the delegation for Jura affairs until the final agreements between the cantons of Jura and Bern are adopted. The delegation then will be dissolved. Lastly, it should be noted that the newcomer from the canton of Grisons, Leon Schlumpf, will be chairman of the delegations for communications and energy and for energy matters. Here are the chairmanships of

the French-speaking federal councillors: Georges-Andre Chevallaz will be chairman of the delegation for military affairs; Pierre Aubert, that of foreign affairs. The federal councillors with the most responsibilities are Fritz Honegger and Kurt Furgler, each of whom will preside over three delegations.

Here is how they appear:

Delegations for foreign economic affairs: Honegger, Aubert, Ritschard; financial policy: Ritschard, Hurlimann, Chevallaz; foreign affairs: Aubert, Furgler, Honegger; military affairs: Chevallaz, Furgler, Ritschard; scientific matters and research: Hurlimann, Aubert, Honegger; agricultural affairs: Honegger, Hurlimann, Ritschard; communications and transport: Schlumpf, Hurlimann, Furgler; territorial development: Furgler, Hurlimann, Schlumpf; Jura affairs: Furgler, Chevallaz, Ritschard; Confederation-canton responsibilities: Furgler, Chevallaz, Ritschard.

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CSO: 3100

## TANK SALE TO THIRD WORLD COUNTRIES QUESTIONED

Geneva JOURNAL DE GENEVE in French 10 Jan 80 p 10

[Article by Anne-Marie Ley: "'Triangular' Arms Market: The Confederation Has Nothing to Say"]

[Text] The THIRD WORLD INFORMATION SERVICE in Bern affirms, in its latest bulletin, that a part of the Bolivian Army is equipped with Swiss arms. And it states that the regiments which intervened during Col Alberto Natusch Buch's bloody coup d'etat last November were armed with SIG [Schweizerische Industrie Gesellschaft] (Neuhausen/Schaffhausen) assault guns and MOWAG [Motor Wagen Fabrik AG] (Kreuzlingen/Thurgau) armored vehicles. Information which, moreover, incited National Councillor Christian Grobet (socialist/Geneva) to put an ordinary question to the Federal Council during the December session, asking if it had authorized the export of these Swiss-manufactured arms to this Latin American country, which, since its foundation, has undergone nearly 200 military coups d'etat.

According to the official statistics on Swiss foreign trade, the THIRD WORLD INFORMATION SERVICE reports, five tanks were exported to Bolivia in 1972 and four in 1973. In March 1973, National Councillor Kurt Reiniger (socialist/Schaffhausen) had asked for details on this matter from the Government, which answered him that it had authorized the deliveries in question "in consideration of the contracts entered into by the manufacturer." For his part, MOWAG's proprietor, Mr Walter Ruf, indicated last December to the SCHWEIZERISCHE HANDELSZEITUNG that 1,600 armored vehicles with MOWAG wheels were being used in Argentina, Chile, Bolivia, Ghana, Liberia, Sierra Leone, Greece and Canada. Bolivian informants to the THIRD WORLD INFORMATION SERVICE report that there might be more MOWAG tanks in Bolivia, different models from various periods. On the basis of the photographic documents reaching the information service, it was not possible to identify without error the tanks which had operated in the streets of La Paz at the time of the coup d'etat. But, still according to these Bolivian informants, the Bolivian Army probably used MOWAG Piranhas 4 x 4 and 6 x 6. And the THIRD WORLD INFORMATION SERVICE wonders, in the event this information can be verified, how these vehicles could have reached Bolivia.

### Production Under License

MOWAG at Kreuzlingen confirms that no tank was delivered to Bolivia after 1973. According to one of its directors, Mr Hans Ulrich Weingart, MOWAG has concluded an agreement for production under license only with Canada, which has however to obtain the complex components at Kreuzlingen. Besides, he adds, Bolivia does not need to acquire MOWAG armored vehicles by going through a triangular market (export from State A to State B, followed by reexport from State B to State C), because it is easy to buy other models abroad. As to the assault guns, according to the statistics on Swiss foreign trade, no gun of this type was exported to Bolivia in the 1970's. But the THIRD WORLD INFORMATION SERVICE has learned that the Bolivian Army uses both the SIG's Swiss assault gun 57 and its new development, the reduced-caliber 540 model. Now, SIG Neuhausen has entered into a license contract with the French firm Manurhin (Mulhouse). The boulevard daily BLICK of 26 June 1973 had recounted that SIG, duly authorized by the Federal Council, had delivered to France 10,000 assault gun breeches. These breeches had been mounted on guns intended for Bolivia, among others. This case, as concluded by the THIRD WORLD INFORMATION SERVICE, illustrates the manner in which the Federal law of 20 June 1972 on war material can be twisted through the intermediary of affiliates or partners linked by license contracts.

### Socialist Project

In the Federal Military Department, the accuracy of the facts noted by the THIRD WORLD INFORMATION SERVICE is confirmed. It is also stated that the Confederation has no control over trade outside Switzerland. It is also pointed out that the photographic documents in the service's possession are not enough to determine whether MOWAG armored vehicles are really involved. It is recalled that the law on war material was approved by the Federal Assembly and that a proposal by the Genevan socialist deputy Jean Ziegler, seeking to extend the authorization system to triangular markets, had been roundly rejected. This law specifically prohibits the delivery of war material to territories where dangerous tensions exist.

For his part, States Councillor Jean-Francois Aubert, professor of constitutional law, acknowledges that if it is wished to improve this law on war material, that is, to revise it in a more restrictive sense, it would be necessary to modify article 41, paragraph 2, of the Constitution regarding the authorization needed from the Confederation on trade in arms. It hardly seems possible, in his view, to rely on, as suggested by the THIRD WORLD INFORMATION SERVICE, article 102, paragraphs 8 and 9, which gives the Federal Council jurisdiction over Switzerland's foreign relations and over the maintenance of its external security, with a view to modifying the law on war material. These constitutional provisions, in effect, give the Federal Council the power to enact ordinances without a legal

basis, in order to fill in gaps, but without going against the Constitution. And let us cite, in conclusion, Federal Councillor Kurt Furgler, who stated during a parliamentary debate that it is not possible to depart from an explicit law.

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CSO: 3100

## REVERSAL SOUGHT IN FREEZE OF EEC RELATIONS

İstanbul MILLİYET in Turkish 22 Dec 79 p 11

[Article by M. Ali Birand]

[Text] In the last council meeting of 1979, the foreign ministers of Common Market nations listened to a warning concerning Turkey by the European Commission. The Commission announced that during consultations in Brussels, the Turkish Foreign Minister Mr Erkmen had declared that "Turkey has changed its list of requests and abandoned the stipulation of a five year freeze in relations." The Commission has indicated that the "Community must re-determine its policy towards Turkey." The EEC is leaning towards giving preference to the consideration of economic issues, while postponing other problems raised by the list of requests.

In October 1978 Turkey had presented in the Community a "list of requests" awaited since March 1976. Citing economic difficulties, Turkey requested that its commercial obligations to the EEC be frozen for a period of five years and that export opportunities be provided. The Community responded to Ankara's request by placing a freeze on agricultural concessions and on the right to free movement by Turkish workers. In this manner the Community has seized the opportunity to rid itself of provisions that have disturbed it in the past. Since the adoption of the five year freeze, no official discussion concerning Turkey and the EEC measures has taken place.

In the Council of Ministers, the change in Turkey's policy has particularly disturbed the Federal Republic of Germany and France. Germany is voicing an absolute demand for the cancellation of the right of free movement for Turkish workers while France and Italy have opposed the agricultural concessions.

A spokesman for the EEC stated that Turkey had placed the Community in a difficult position. The spokesman also said that it was impossible at this stage to announce a date at which work for the determination of a new policy could be begun.

Commission officials stated that "the ball currently remains in Ankara's court and that the timing and nature of future actions are not known at this moment." They have also said that "nothing is clearly defined at this moment."

## NEGATIVE ASPECTS OF EXCESSIVE POPULATION GROWTH CITED

Istanbul MILLIYET in Turkish 22 Dec 79 p 11

[Article by Dr Haluk Cillov]

[Text] Possibly the most pressing of Turkey's economic and social problems is that of rapid population growth. The fact that even our Prime Minister has addressed this issue must be construed as a significant development. Actually, rapid population growth is a topic that concerns not only our country but the entire world. The latest research conducted by the United Nations indicates that in twenty years the current world population of 4.415 billion will increase to 6.2 billion. Such population growth is unprecedented. It is significant that a major portion of this growth is taking place in the poor nations. While the developed nations experience a yearly population growth rate of 0.59 percent that would bring their current population of 1.131 billion to a mere 1.272 billion by the year 2000, in non-developed nations a yearly growth rate of 1.94 percent is expected to boost a current population of 3.284 billion to 4.926 billion during the same period. With such rapid population growth, the prospects of providing health care, education and employment for these individuals remain unclear at this time without even mentioning the difficulties that will emerge in connection with providing nutrition. Turkey is among the nations belonging to the latter category. The results of the last census, held in the year 1975; have indicated that at that time the population of the country stood at 40.348 million. We calculate that this number will rise to approximately 45,246 million by the year 1980. It has been determined that for the period 1975-80 a birth rate of 35 per thousand and a mortality rate of 10 per thousand will result in a net population growth rate of 25 per thousand or 2.5 percent. Even if we allow for future decreases, sustained growth at this rate would probably bring the population of Turkey to 72.5 million in the year 2000. If we take into consideration that at that date the population of Greece will barely reach 10 million or that the populations of France, England or even Italy would merely reach 58.4 million, 57.9 million and 62 million respectively, it is difficult to perceive the strength that our country will attain from a standpoint of manpower. The political or even military power that this will create can undoubtedly not be denied. Can however the necessity for such vigorous growth in a twenty year time span be defended equally well

from an economic and social perspective? Stated in other words, how is Turkey, given its current rate of economic growth; going to feed, educate, keep in good health and employ so many people in the year 2000? Indeed, this is the problem!... It is known that even in this day our population of 45 million is unable to benefit adequately from developing economic opportunities. Health care and education for the one million babies each year cannot be provided at a desired level, the ranks of the approximately 2.5 million individuals who are currently unemployed are constantly increasing in number and a lack of housing has brought to disastrous levels the construction of shanty towns around major cities. It is also known that many of the current difficulties and "non-availabilities" stem from inadequacies in the resources to feed, clothe, educate and house an ever growing number of people. For this reason we wish to express the need for a well balanced population policy that will take into account the relationship between population growth and socio-economic development. In no manner should such a policy be interpreted as one that has the objective of reducing the population of Turkey. Naturally the population of Turkey will and should increase. Nevertheless, the measures that currently encourage a greater number of births should be brought to a halt and the instruction of our uneducated population in healthy measures that will prevent the birth of "unwanted babies" in particular should not be prevented. If these things are done, or in other words if a sincere and effective family planning policy is implemented, the population of the country might grow at the rate of 800.000 instead of 1 million people per year. This would permit the achievement of more civilized standards in providing health care, education, housing and nutrition for the growing population. In our day, the significance of having educated, healthy and employed masses in preference to a mere abundance of people has been recognized by Moslem as well as capitalist and socialist nations and appropriate measures are being openly undertaken. In this context, we wish to point to the necessity for Turkey to implement a population policy that will take into account the relationship between population growth and socio-economic development. Also, we wish to remind that in the near future todays much vaunted excessive population growth is likely to bring many dangers upon us.

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## HIGH LEVEL GOVERNMENT APPOINTMENTS CONTINUE

Istanbul MILLIYET in Turkish 19 Dec 79 p 9

[Text] Ankara. The following individuals have been appointed to the Consultancy at the Office of the Prime Minister: Avni Basdogan (current General Director for Agricultural Affairs at the Ministry of Agriculture), Yigit Goloksuz (current Undersecretary at the Ministry of Village Affairs and Cooperatives), Ozmen Kendir (current General Director for Land and Settlement at the Ministry of Village Affairs and Cooperatives) and Osman Kucukeski (current First Legal Advisor to the Office of the Prime Minister).

Yavuz Soysal, former Undersecretary at the Ministry of Agriculture has been appointed to the position of Consultant for Agricultural Affairs at the Turkish Permanent Delegation to the EEC, and the formal process for the recall of Mehmet Onder, Cultural Consultant at the Embassy in Bonn has been canceled. Yilmaz Onen, Administrator of the Personnel Department of the Ministry of Commerce and Suleyman Gokser, General Director of the Central Organ for Credits to Agricultural Cooperatives have also been appointed to the Consultancy of the Ministry. (Agr.) Hakki Tan, Assistant Undersecretary at the Ministry of Agriculture has been relieved of his duties and has been replaced by Kadri Oztas who is Chief Consultant at the Ministry. The General Director for Veterinarian Affairs, Mr Muammer Bugu has been relieved of his duties and replaced by Hasan Ertan who is Director of Veterinarians for the Province of Istanbul.

Evren Kaynak, who is Assistant Undersecretary at the Ministry of Redevelopment and Housing has been appointed to the Consultancy of the Ministry and Ulku Soylemezoglu, a member of the Investigatory Council, has been appointed Assistant Undersecretary at the Ministry. Ozmen Kendir, Director General for Land and Housing Affairs, has been relieved of his duties and replaced by Kenan Sencift who is an Assistant Director General at the same office.

Mustafa Mut, Undersecretary at the Ministry for Social Security has been relieved of his duties and replaced by Naci Unver. Tali Dincel has been appointed to the position of Director General of the Social Security Organization and replaces Hikmet Erinc.

New appointments have been made at the Turkish Radio and Television Administration. Among these is the appointment of Ertan Karasu to the post of Program Assistant to the Director General. The post of Secretary General at the Turkish Radio and Television Administration has been filled by Erhan Imset who is currently Broadcast Inspector at the Administration. It has been announced that Erdinc Saglam who had previously been appointed Acting Director of the television Department, has now been appointed as the permanent director of this department. Kenan Deger, the current Director of Radio Antalya, has been appointed Director of Radio Ankara. Erol Kaner has been appointed Director of the News Department in Istanbul. The changes at the Turkish Radio and Television Administration have brought Altan Asar to the directorship of the Television News Department and Aydin Soysal to the directorship of the Foreign News Department.

The resignation of Orhan Gokberger, who on December 11 had been appointed General Director of Highways by the Demirel Government has been announced to officials of the Prime Ministry on December 14. It has been indicated that the resignation of Gokberger was brought about by pressures that were exercised immediately after his appointment and that concerned the acquisition of personnel to the Directorate General.

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## ISMAIL CEM COMMENTARY ON LEGACY BEQUEATHED TO 1980'S

Istanbul HURRIYET in Turkish 11-13 Jan 80

[11 Jan 80, p 9]

[Text] On the threshold of 1970's, in an editorial on 31 December 1969, Abdi Ipekci talked with enthusiasm about Turkey "entering a happier and brighter decade." He was not alone, other journalists and dailies, in articles published on the same date, expressed a similar optimism. HURRIYET predicted that, in the seventies, Turkey will take giant strides toward its goal of becoming a contemporary nation.

It was a hope shared by the entire society from its writers to its union leaders, from its scientists to its politicians. The sixties had started with a military revolution. Hopes had blossomed, but later, there had been disappointment, and finally, the nation had got on the road to self-conciliation. The 1961 Constitution was a milestone in the efforts to develop the society and to build a democratic framework. Democracy began to take roots, and in the process, it assumed characteristics befitting to a modern nation. The 1965-1970 period witnessed a free climate of unprecedented dimensions, in which a variety of political ideas came to be organized and represented in the assemblies. The renowned articles of the penal code, which restricted the expression of ideas, nearly fell out of use.

There were encouraging signs in the economy. Industrial production was on the rise, new plants were built, the labor force was growing. It was perhaps too early to talk of prosperity, or a broadening of prosperity, but the impact of the widespread poverty was on the wane, nevertheless. Turkish workers from remote Anatolian villages, who virtually skipped an age by going to West Germany, were the harbingers of a new economic power.

Turkey in 1960's was a land where a growing number of people read an increasing amount of books, broadened their outlook, where numerous foreign books were translated into Turkish, while an equal number were written by the local talent on the realities of Turkey and on the historic background of Turkey. People gave more thought to, and read more about, themselves and their country. They participated more widely in the events and decisions concerning their environment and community.

To sum up, Turkey on 31 December 1969 was still a nation with serious problems, but it was nevertheless a nation making significant progress toward the solution of those problems and looking ahead to the seventies with great hopes. Problems and conflicts were becoming more complex as the nation developed and industrialized, and yet there was a widespread optimism that those problems will find their solutions in an environment of modern democracy, and the nation, deriving an impetus from modern dynamics, will continue to progress. There was hope, because 1960's had given us that hope.

Who would have thought on 31 December 1969 that in the seventies terrorism would become "a way of life" in Turkey, that people would start each day reading in the papers about the death of the nation's youths, that prices would double in a year's time, that the rate of economic development would fall to "zero" by the close of the decade, and the most important of all, that the society would learn how to live with the new conditions?

#### Expectations and Problems

At the outset of 1970's, every segment of the society was demanding "more" for itself. The masses living in squatter's house districts wanted a larger share of the creature comforts, industrialists wanted to produce more, merchants to earn more; workers demanded higher wages, wider class and political freedoms, peasants asked for higher prices for their products and wanted to be able to migrate to urban areas, or even to West Germany, with greater facility, and the intelligentsia aspired for a more democratic Turkey.

The country was moving to a higher plane in the modernization process and was feeling the hopes and the pangs inherent in the experience. As industrialization proceeded, problems, inconsistencies and conflicts came into sharper relief. Old values, products of a society model left behind, were growing weaker. No longer did "peasants live in villages, urbanites live in cities." No one accepted the words of his "elder" as the absolute truth, he preferred to seek for the truth himself. The industrialization process, which had been accelerating over the past two decades, was spewing out the accumulations of those 20 years in the form of a major social upheaval. The biggest drawback was the simultaneous formation of factors which were making it difficult for the society to turn this unavoidable turmoil of the industrialization process into a less painful and more beneficial experience.

In a way, what was happening in Turkey was that social segments were changing their places, shares and values within a brand new framework and according to new norms. That was the gist of the struggle. There were some who believed that the changes were not happening fast enough and wanted to accelerate the process by unusual means. Meanwhile, there were others who were disturbed by the demands for new rights and by the breakdown in the social hierarchy; in short, they did not like seeing the earth sliding from under their feet. When the society's natural reactions were channeled into adventurism and attempts were undertaken to restrict the democratic environment and the rights and freedoms available therein, the society began to feel

the reverberations as early as the first year of 1970's. Many of the social segments were waiting for, but for conflicting reasons, a "liberator." A "liberator" would come and make Turkey a revolutionary land, or a "liberator" would come and put everyone looking for a new share and place in the society in his proper place. Someone had to be wrong in his calculations, and soon the error became evident.

### Middle East and Turkey

As Turkey sank further into internal turmoil, one aspect of the crisis, generally speaking, escaped attention. That was, Turkey's external relations were in crisis also. The Demirel-Caglayangil team's foreign policy in the post-1965 era had steered Turkey toward relative independence. For example, after the Arab-Israel conflict, Turkey took a pro-Arab stand. Ankara declared that the NATO bases on Turkish soil cannot be used for a U.S. intervention in the Middle East. Permission was denied to U.S. reconnaissance planes to take off from bases in Turkey for intelligence gathering flights over the Soviet Union. These and several other decisions, taken in the context of the highly tense situation and the fluid balances in the Middle East, were giving rise to serious concern in the West. Relations with the West deteriorated further when the then U.S. President Nixon, who had made the opium question a matter of personal political prestige, pressured Turkey to end opium poppy farming, but the Turkish government refused to bend. The Western press began to run anti-Turkish articles, some of which predicted that the days of democracy in Turkey were numbered.

As 1971 entered, the consensus was that not only some of the social forces in Turkey, but the West also were waiting for a "liberator."

### The Shock of 12 March

The 12 March incident--a product of the climate we have described--can be interpreted as an effort "to restore" Turkey's changing social structure and political texture to their former state. People, who were disturbed by the new features displayed by the developing and growing Turkey of the sixties, believed that severely limiting, if not altogether stopping, the development and transformation process was the only thing to do under the circumstances. The 12 March episode is a sort of a reaction to the change in the accustomed norms and order. As the case is with all restoration movements, or attempts to save the past, to restore the past, the 12 March movement produced only a "temporary" situation. It is indeed impossible to stop a development process and social mobility which emanate from irrepressible dynamics, such as industrialization, modernization and democratization. Be that as it may, the 12 March movement assumed the task of stopping social mobility when, in fact, the nation's basic problem was to find a way to channel this mobility into a democratic frame. That is why, the 12 March movement further complicated the society's internal conflicts and natural struggles, stripped them of their constructive aspects and made the painful industrialization process even more painful. The 12 March episode left many scars. The threatening and violent phrases peculiar to the era, the

repressive climate, the bloody scenes acted out on an unprecedented scale before the public eye set off a psychological tremor in young minds. Thus, the 12 March event created one of the root causes of the violence in Turkey, which escalated into insanity by the close of the decade.

#### Keeping up With Growth

In the seventies, as the society continued to grow, its aspirations, internal conflicts and struggles heightened, but this very natural phenomenon was not complemented by a democratic and peaceable framework. To put it in another way, the political and social institutions of the society failed to make the new clothes the growing social structure needed. They, rather, tried to cut out even more ill-fitting clothes for it. Turkey showed total incompetence in its attempts to resolve the problems arising from its basic economic and social growth. It failed to replace the outdated value judgements, to fashion the concepts, build the institutions and spark the sense of organizing that this growth demanded. To put it succinctly, Turkey failed to meet on time the demands of growth.

In the end, as 1970's came to a close, it became a nation riddled with conflict, degenerated value judgements and inoperative institutions, a nation searching for an answer in the wrong places.

It became a nation whose chief attribute can be summed up in a single word: terrorism.

[12 Jan 80, p 9]

[Text] The policy of the seventies was, in one sense, "stagnant." It can be summed up as "from Demirel, to Demirel." Demirel was the prime minister when Turkey entered the decade, and Demirel had become the prime minister again as the decade came to a close.

Politics, political parties and forces were, nevertheless, effected by the changes that took place in the country during those 10 years. Governments with different functions and forces out of the ordinary appeared on the political scene.

The first year of the decade found both of the two major parties in the midst of developments, the impact of which was felt throughout the ensuing 10 years. The JP [Justice Party] was going through the "41's" episode, while the RPP was in the midst of events that culminated in the election of Ecevit to the party chairmanship.

#### Fragmentation on the Right

Another feature of the seventies was the fragmentation of the traditional right in Turkey. The JP, which had inherited the leadership of the right from the Democrat Party, lost that function almost as soon as the seventies began. The new problems, new conflicts and opportunities the

industrialization process brought along reshaped the political superstructure. Differentiations such as the Anatolian capital-big city capital and landed wealth-industrial wealth, coupled with personal calculations and incompatibilities, gave birth to the Democratic Party movement. During the days before the 12 March movement, the JP fragmented. In later years, the long-time political reaction with religious overtones crystallized as the NSP [National Salvation Party]. The most reactionary segment of the right, dissatisfied with the JP's performance vis-a-vis the developments and the growing demands of the masses, formed the NAP [Nationalist Action Party]. These events considerably weakened the traditional right's party, the JP, in the seventies. The conviction of certain rightist forces that their interests cannot be protected within a democratic framework was a major factor in the birth of the 12 March movement. The fragmentation on the right was also to blame for the JP's losses in the 1973 and 77 elections.

Even though the JP subsequently persuaded the DP people "to return home," and in the 1979 election raised its public support to its earlier level, fragmentation of the right was one of the realities of the seventies. The right entered the decade as an integral whole, but by the time the seventies closed, it had grouped around three separate ideological centers. The largest segment--people who favored the democratic concept--was represented by the JP's viewpoint. The movement with a religious origin formed another center, separate and different from the first. Its rightist character notwithstanding, this movement evolved into a force opposed to the concepts of the existing order and its basic economic and foreign policy priorities. The rightist groups which aspired to form an authoritarian regime, meanwhile, organized largely among small shopkeepers and the unemployed. This latter group saw no hope of protecting the right's interests within a democratic framework and wanted a regime similar to the one in the 12 March period, but on a permanent basis.

As experienced by many countries going through a process of industrialization, the rightist movement in Turkey also splintered, and it happened in 1970's.

#### Change in the RPP

The RPP entered the seventies in the midst of "left-of-center" arguments and "renunciation-of-legacy" allegations. The party had embarked on a search, a self-evaluation. Time was the party's election losses would be blamed on the voters who did not cast their ballots for "the right party," but now the party's performance which was not close enough to the people was held responsible for those losses. The RPP's traditional philosophy was reevaluated in a new perspective. There was an effort to make the RPP "the people's party," and to shed the image of "the state's" or "the bureaucracy's" party.

This effort, over time, divided the party into two wings. Satir, Erim and friends were the first to suffer defeat before Ecevit. The controversies of the 12 March period injected new dynamics into the struggle. The dispute between Inonu and Ecevit concerning the 12 March incident centered on

methods, rather than priorities. They were soon estranged from each other. Inonu, who had come to symbolize the RPP's "past," was defeated in the 1972 convention by Ecevit, the symbol of the "future." Inonu, then, stepped down from leadership and left the party he had served for 50 years.

The RPP's decision to transform itself from the traditional political party of the bureaucracy to a party of the masses was closely related to the changes in Turkey's social foundation and the results of industrialization. It was, in fact, a product of those developments. In the past, the RPP had looked for social alliances largely in bureaucratic and capitalist circles, or in a segment of the intelligentsia at most. After 1960, however, other, and powerful, social segments had emerged. The weight of the working class and progressive professional groups in the social balances of the day was undeniable, and the demands for freedom originating from those groups had become unavoidable factors. Within this new social structure, the RPP began to develop social alliances on the left, formulated valid policies and strengthened itself. It was able to come to power twice, first in 1974, then, in 1978. It achieved success insofar as it persisted in its policies. It became "a hope."

The RPP's evolution was disrupted in 1975 by its decision to withdraw from the coalition, and then, in 1978, by the unfortunate government experiment, and finally, in 1979, by the by-elections. The party was torn apart by disputes when the eighties opened.

#### Fragmentation on the Left

The Turkish left outside the RPP was badly fragmented in the seventies. In the sixties, the Turkish left was grouped around three centers, with the largest group around the RPP. The other centers were the socialist party and the leftist interpreters of Kemalism. In the seventies, however, we witnessed a sort of "factional politics" period. A large number of groups, some receptive to adventurist trends, espoused a variety of policies, built up a following, but splintered as they expanded. About six legal socialist parties were formed in the seventies. Also in the seventies, the Turkish Communist Party effectively got across to the public that it would like to attain legality and freedom which is enjoyed by the communist parties in all the Western democracies Turkey patterns itself after.

In most countries, the leftist movement centers around two parties, one a Marxist-socialist, the other a social democrat. In Turkey, on the other hand, the fragmented state, hence the weakness, of the left characterized the seventies. The society was, thus, deprived of a contemporary political force. Meanwhile, socialist ideas and organizations were still restricted by the penal code. This state of affairs was indirectly responsible for the degeneration and adventurist deviations in the leftist movement. The socialist accumulation, which is a natural, unavoidable product of industrialization and development, was not allowed to find itself a rational, modern and legal organization model; it was held under threats and bans and was, thus, pushed into the trap of adventurism.

## A Parade of Governments

The seventies set a record in the number and variety of governments that came to power. There were two Erim governments, and then, one each by Melen, Talu and Irmak. They were called "Ataturkist" governments. The first was the "brains team," the second, third and fourth were "above-party party" governments and the fifth, an "above-party technicians" government. Demirel served as the prime minister of two governments the JP formed alone--one in 1970 and one in 1979, and he was also the prime minister of the 1975 and 1977 Nationalist Front coalitions among the JP, NSP, NAP and, for a period of time, the RPP [Republican Reliance Party]. Ecevit headed the 1974 coalition of the RPP and the NSP, and the government he formed in 1978 with the independents. Then, there was the 1977 RPP government under his premiership which lasted 1 month before it was toppled by a no-confidence vote. There was a total of 12 governments in 10 years.

None of the parties was able to win enough seats in any of the elections in the seventies to form a government alone. It was a phenomenon arising from the industrialization induced social differentiation and the deepening class and political conflicts. "Coalition," a model peculiar to politically fragmented developed countries, became the principal attribute of a majority of governments in the decade.

Whether those governments were "successful" or not depends on which class or social segment you have in mind when you evaluate their work. It is possible, nonetheless, to reach certain conclusions and assumptions and make some observations on the basis of the performance of these governments which performed different functions.

When the decade opened, there was a JP government in power. Its internal and external stability was nearly gone by 1970.

The self-styled "above-party," or "above-class" government of the 12 March period quickly exposed itself as what it really was--a government that championed the world outlook and protected the interests of the minorities. Under this government, the political influence of the masses diminished, antidemocratic practices were carried out with great ease, and the Constitution was amended to limit the individual rights and liberties at the expense of the masses.

The Talu, and later the Irmak cabinets were designed to be "transition" governments and they functioned in that capacity alone.

The RPP-NSP coalition of 1975 was the most intriguing alliance of the recent past. It began to come apart after the Cyprus operation while, in Inonu's memorable words, "a new world was emerging." The RPP's withdrawal from the partnership with the NSP was one of the most unfortunate decisions of the recent past because it, inadvertently, cleared the way for the Nationalist Front.

In the Nationalist Front era, each of the coalition partners looked out for its own special interests and reserved a place [in state agencies] for its own supporters. State institutions and the administration deteriorated, fascism expanded and terrorism began to escalate. The Nationalist Front could not respond to the demands of the external forces it was dependent upon, nor could it resolve the problems of the domestic capitalist sector. It ran into a formidable resistance from the public, the masses and the left. Finally, in the closing months of 1977, it became part of history in the hands of "the eleven [independents]," who were, in fact, a product of the climate their government had created.

The RPP paid a very heavy price for the RPP-independents government. The RPP could not stand up for its own program or for its own supporters and constituents. It failed to accomplish what was expected of it. The result was the 14 October [election] defeat and resignation of the government.

The seventies, which started out with a Demirel government, ended with another Demirel government. The last one was a new model, however. It was a government with "external support."

Demirel announced a "100-day deadline" to accomplish several tasks. At the midpoint of the 100 days, there was no indication of an eventual accomplishment.

[13 Jan 80, p 9]

[Text] A description of the seventies as Turkey's "wasted" years will not be inappropriate at all. Obviously, a period of 10 years cannot be written off as a total loss, there must have been some progress, or a lesson to be learned, if nothing else. At the same time, the situation Turkey found itself in at the end of the seventies is so far removed from the promising climate it enjoyed at the beginning of the decade that it is tragic. None of the things that should have and could have been done in the seventies were done.

'Democratic Society'

Turkey should have built a more "democratic" society in 1970's.

At the level of development, industrialization and urbanization Turkey was in the seventies, there was an urgent need for wider freedoms, broader equality and tolerance, and a relaxation of societal relations. In a country where hundreds of thousands of people annually migrate to urban centers, the working class grows steadily as more factories are built, professional, technical and administrative cadres expand, universities and other higher-education institutions graduate tens of thousands of people every year, thousands of books are printed and an equal number of scientific studies and research are conducted, and which is opening wider to the world, the fanaticism of the past, the restrictions on ideas and conduct, and the inequalities should not have been perpetuated. But they were, and at times they

were intensified to the point of repression. People were given no opportunity to influence, or to participate in, decisions of concern to them, neither in politics or at work, nor in their immediate surroundings, as their home, district, or their children's school.

#### 'Rational Society'

Turkey should have created a more 'rational' society in 1970's.

Turkey should have used the available industrial and cultural resources in the most efficient and productive and in the least wasteful manner. In reality, however, it did the exact opposite of what a society in the process of development ought to do. The economy--both the public and private sectors--was abandoned to anarchy. The blunders cover a variety of fields, ranging from the wasteful utilization of manpower and resource, to the adventurist experiment with the convertible accounts system, from the manufacture of chewing gum to the restriction of investments. The obsession "to buy and to buy more," steadily encouraged by television advertisements, drove the economy, extravagance and prices beyond control.

While the billions of marks its workers were earning lied fallow in West German banks, Turkey, having failed to create a rationality that would attract those funds back home, went door to door to borrow a couple of million marks. Turkey had all kinds of resources--human, industrial, foreign exchange, mineral, wheat--but it could not create the rationality which could render those resources productive. Turkey had human resources, but it lost them; Turkey had seas, but it dried them up; Turkey had power, but it did not use it. In the seventies, Turkey skidded into "irrationality."

#### 'Organizationist Society'

Turkey should have created an "organizationist" society in 1970's.

The human "coexistence" models, the problem sources and norms of social life should have been reformed in response to the growing society's needs. It was high time that Turkey inaugurated a far more efficient, but at the same time friendly, state organization--one that every modern society enjoys. Instead, the seventies had chaos, precipitated by a surly, ill-mannered and totally inefficient and incompetent state.

Turkey, with a sense of organizationist state, should have long ago eliminated the anarchy in urban life, the routineness of tax evasion, the indifferent attitude of state agencies, the irregularities at border checkpoints, the primitiveness of education, the insanity on the highways, the disorder at the airports, the long waits at hospital doors, and many other problems. Turkish people were left alone to fend for themselves in a climate of anarchy stemming from legislated bans, instead of enjoying a life made secure by an organizationist state. To survive, Turkish people had to devise a way to circumvent the bans, look for an opportunity to bribe their way through

restrictions. The chaotic situation wasted their time, frayed their nerves, and devastated them.

In 1970's Turkey got a failing grade in every subject. Despite the urgency to build a more democratic, more rational and more organized framework for a developing society, Turkey did nothing, and what is worse, the high price of the state's incompetency was paid by the people who were the least responsible for the failures of the seventies.

#### Imperatives

The consequence of the failure to affect the urgent changes was chaos at every level of social life. All institutions, from cultural to political, deteriorated at a rapid pace. A huge gulf appeared between the aspirations, needs, the growth and the tremors at the roots of the society and the cultural, educational, political, distributive, consumptive and administrative features of the society's superstructure. The conflict between the infrastructure's need for change and growth and the superstructure's resistance to change produced divisive, disruptive and destructive consequences that dragged the society to irrationality. Political problems and already complicated universal and domestic economic conditions became utterly chaotic.

Within this framework, the economic scene of the seventies featured idled factories, lengthening lines, interrupted investments, salaries and wages shrinking in real value, rampant unemployment, gross inequalities and soaring inflation. "Terrorism," which had already put its stamp on the decade and had given it its label, derived strength from the society's pessimism, insensitivity, idleness and fanaticism. It took advantage of the reluctance, or the calculated evasion, of the degenerate superstructural institutions to deal with the causes of terrorism. Terrorism, which had begun to escalate at the beginning of the seventies, but had leveled off at one point, reached an extreme level by the end of the decade. Political institutions emitted demagogic, instead of ideas, for the best part of the seventies.

In this climate of despair, intimidation and fear, people became estranged from each other. They limited their world by the four walls of their homes, busied themselves with the petty affairs in their narrow circle and turned their attention to the opium-like television screen. Neither the countless killings on the streets, nor the other mournful events beyond their small circles stirred them. A new climate took shape, in which "you became a captain, if you saved your ship," "each sheep was hung by its own legs," "when you turned the corner, you were on level ground," and "you let a snake live 1,000 years, if it did not bite you." A climate built on disinterest and selfishness was born, and it spread until it enveloped the people of Turkey like a plague.

#### Conclusion

What is the bottom line? Utter darkness? Profound despair?

Absolutely not!

Neither the debilitated institutions, nor the escalating terrorism, or the self-isolated cynics have the power to turn the world upside down.

Turkey has no alternative. It has to build a progressive, modern, rational and democratic society. The ongoing suffering itself is a testimonial to the inevitability of the creative function and the perpetual nature of the creative process.

It is a matter of inevitability. Turkey will create a contemporary society and a modern democracy.

The eighties will only define "the manner" in which it will be done.

We will either insist on remaining irrational, repressive, selfish, intransigent and make the development process much more painful for ourselves, whereby our institutions will deteriorate further, more people will die and our democracy will be interrupted again and again, or we will take steps toward rationalism, organizationism and democratization, whereby we will suffer only the natural pains of growth.

Either way, whether we take the long or the short route, whether it is painful or peaceable, Turkey will, without doubt, attain its goal of becoming a modern, progressive and democratic nation.

Turkey is standing at the crossroads as 1980's begin.

Each one of us has responsibility in the choice that Turkey will make between these two roads.

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